

resolution with reference to the United States Congress defeating proposals for peacetime compulsory military training and seeking instead an international agreement to abolish conscription everywhere; to the Committee on Military Affairs.

SENATE

TUESDAY, FEBRUARY 26, 1946

(Legislative day of Friday, January 18, 1946)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Dr. Buford L. Nichols, of San Marcos, Tex., missionary to China under the Southern Baptist Foreign Mission Board, offered the following prayer:

Our Heavenly Father, we bow in humble gratitude for Thy grace and guidance in war and peace. For all the good that is in us, nationally and individually, we give Thee thanks; for all the evils among us, we bow in deep contrition. We pray for our President, the Congress, and all those in leadership responsibility throughout the Nation, for our men and women in the armed forces, and for those planning the peace and chartering the UNO. May industrial discord and social unrest give place to harmony and peace in our midst. Guide us, O God, as we seek in these days to reconstruct our economy, reconvert our industry, redeploy our manpower, and readjust our thinking. As we feel our way in international cooperation, grant unto us a place of noble service and worthy influence.

To that end, our Father, may Thy Holy Spirit permeate every area of our lives and Thy blessed truth dominate every phase of our thought. Grant us Thy pardon, purity, peace, and power. May the forces of righteousness ever find in our land the proper atmosphere and encouragement for growth and expansion. Through Jesus Christ our Lord, we pray. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, February 22, 1946, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT— APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that the President had approved and signed the following acts:

On February 21, 1946:

S. 1405. An act to authorize the President to retire certain officers and enlisted men of the Navy, Marine Corps, and Coast Guard, and for other purposes.

On February 25, 1946:

S. 50. An act to permit settlement of accounts of deceased officers and enlisted men of the Army, Navy, Marine Corps, and Coast Guard, and of deceased commissioned officers of the Public Health Service, without administration of estates.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, communicated to the Senate the intelligence of the death of Hon. J. Buell Snyder, late a Representative from the State of Pennsylvania, and transmitted the resolutions of the House thereon.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on February 23, 1946, he presented to the President of the United States the following enrolled bills:

S. 323. An act for the relief of Thomas F. Gray;

S. 400. An act for the relief of Elisabeth Andersen;

S. 543. An act for the relief of Felix Frederickson;

S. 683. An act for the relief of Mrs. Marie Nepple, as executrix of the estate of Earl W. Nepple, deceased, and Mrs. Marie Nepple, individually;

S. 865. An act for the relief of the estate of Agnes J. Allberry;

S. 1084. An act for the relief of John C. May and Eva Jenkins May;

S. 1126. An act for the relief of Alice A. Murphy;

S. 1131. An act for the relief of Jess Hudson;

S. 1400. An act for the relief of Robert R. Rowe, Jr.;

S. 1423. An act for the relief of Charles L. Phillips;

S. 1588. An act for the relief of Mrs. Lona Wilson; and

S. 1618. An act to exempt the Navy Department from statutory prohibitions against the employment of noncitizens, and for other purposes.

REPORTS OF COMMITTEES FILED DURING THE RECESS

Under authority of the order of the 22d instant,

The following reports of committees were submitted on February 25, 1946:

By Mr. McKELLAR, from the Committee on Appropriations:

H. R. 5458. A bill making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes; with amendments (Rept. No. 990).

By Mr. BARKLEY, from the Committee on Banking and Currency:

H. J. Res. 301. Joint resolution to amend Public Law 30 of the Seventy-ninth Congress, and for other purposes; with amendments (Rept. No. 991).

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

SUSPENSION OF DEPORTATION OF ALIENS

A letter from the Attorney General of the United States, transmitting, pursuant to law, a report stating all of the facts and pertinent provisions of law in the cases of 68 individuals whose deportation has been suspended for more than 6 months by the Commissioner of the Immigration and Naturalization Service under authority vested in the Attorney General, together with a statement of the reason for such suspension (with accompanying papers); to the Committee on Immigration.

TRANSPORTATION FOR PERSONNEL OF NAVAL ESTABLISHMENT AND NAVY CONTRACTORS

A letter from the Secretary of the Navy, transmitting, pursuant to law, a summarized

report of adequate transportation to and from their places of employment for personnel attached to or employed by the naval establishment and Navy contractors (with an accompanying report); to the Committee on Naval Affairs.

REPORT OF SECURITIES AND EXCHANGE COMMISSION

A letter from the Chairman of the Securities and Exchange Commission, transmitting, pursuant to law, the eleventh annual report of that Commission for the fiscal year ended June 30, 1945 (with an accompanying report); to the Committee on Banking and Currency.

AUTHORIZATION FOR VETERANS' ADMINISTRATION TO APPOINT AND EMPLOY CERTAIN RETIRED OFFICERS

A letter from the Administrator of the Veterans' Administration, transmitting a draft of proposed legislation to authorize the Veterans' Administration to appoint and employ retired officers without affecting their retired status, and for other purposes (with an accompanying paper); to the Committee on Finance.

PETITIONS AND MEMORIALS

The PRESIDENT pro tempore laid before the Senate petitions, etc., which were referred as indicated:

A joint resolution of the Legislature of the State of California; to the Committee on Claims:

"Senate Joint Resolution 6

"Joint resolution relative to a bill pending in the Congress providing for the relief of owners of gold mines affected by Federal regulation

"Whereas there is now pending in the Congress of the United States a bill introduced by Hon. CLAIR ENGLE, Representative from California, being designated as bill H. R. 4393; and

"Whereas said bill provides for relief to the owners of gold mines which were closed or had their production curtailed during World War II as the result of the issuance of War Production Board Limitation Order No. L-208, and provides that said owners may file claims for damage to their mines caused by cessation or curtailment of operation; and

"Whereas the gold-mining industry in the United States was largely shut down and rendered inoperative by reason of said Order No. L-208, and very little mining of gold was carried on in the mines of the country during the period of said war; and

"Whereas owing to the disuse of many of said mines and the period of time during which they have remained closed, a great many have become partially filled with water, and numerous cave-ins have resulted, and they have generally deteriorated to such extent that operation is impossible until extensive repair and rehabilitation work is performed; and

"Whereas the general rehabilitation of many gold mines will be so costly as to be prohibitive for the owners thereof and financial relief is necessary for this purpose; and

"Whereas for several generations the mining of gold has been one of our foremost industries in California and other Western States, contributing to the income and welfare of the people, and being the most important source of income for many communities. The product of these mines serves a very useful purpose in our industrial system and is necessary in a wide variety of businesses and crafts. The permanent disuse of such mines would adversely affect the economic well-being of the State and the country as a whole; Now, therefore, be it

"Resolved by the Senate and the Assembly of the State of California, jointly, That the Legislature of the State of California respect-

fully memorializes the Congress of the United States to provide relief for owners of gold mines which were damaged by the disuse resulting from the issuance of Regulation No. L-208, by the enactment into law of said bill H. R. 4393; and be it further

Resolved, That the secretary of the senate be hereby directed to transmit copies of this resolution to the President of the United States, to the President pro tempore of the Senate, and the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

A joint resolution of the Legislature of the State of California; to the Committee on Education and Labor:

"Senate Joint Resolution 5

"Joint resolution relative to memorializing the Secretary of Labor, the National Labor Relations Board, and the United States Conciliation Service, relative to the settlement of a jurisdictional labor dispute between the CIO Food, Tobacco, Agricultural, and Allied Workers' Union of America, and the American Federation of Labor Cannery Workers' Union, affiliated with the International Teamsters' Union

"Whereas there exists a jurisdictional labor dispute between the CIO Food, Tobacco, Agricultural, and Allied Workers' Union of America and the American Federation of Labor Cannery Workers' Union, affiliated with the International Teamsters' Union, which dispute has caused strikes and work stoppages in the food-processing industry throughout California and which dispute threatens to cause further strikes and disputes in the food-processing industry; and

"Whereas no issue of wages, hours, or working conditions is involved in the dispute; and

"Whereas the members of these two contending unions supply the labor necessary for the processing and packing of California fruit and vegetables crops; and

"Whereas the State of California produces an annual fruit and vegetable pack of more than 1,000,000,000 cans of fruits and vegetables; and

"Whereas continued high production is vital and essential to meet world food shortages; and

"Whereas unless this jurisdictional labor dispute is settled in the immediate future it may endanger the food supply of the entire Nation and may result in irreparable loss to consumers, workers, growers, and processors alike not only in California or in the Nation, but throughout the entire world: Now, therefore, be it

Resolved by the Senate and the Assembly of the State of California, jointly, That the Secretary of Labor, the National Labor Relations Board, and the United States Conciliation Service be, and they are hereby, respectfully memorialized and requested to take all necessary steps immediately to settle the jurisdictional labor dispute now existing between the CIO Food, Tobacco, Agricultural, and Allied Workers' Union of America, and the American Federation of Labor Cannery Workers' Union, affiliated with the International Teamsters' Union, to the end that the danger of irreparable loss to the growers, packers, workers, and consumers of this Nation and the world may be averted; and be it further

Resolved, That the secretary of the senate shall transmit copies of this resolution to the President pro tempore of the United States Senate, the Speaker of the House of Representatives, each Senator and Representative from California in the Congress of the United States, to Paul M. Herzog, Chairman of the National Labor Relations Board, and to Edgar L. Warren, Director of the United States Conciliation Service."

A joint resolution of the Legislature of the State of California to the Committee on Finance:

"Assembly Joint Resolution 8

"Joint resolution relative to amendment and extension of the Federal Social Security Act in respect to public assistance

"Whereas the Congress of the United States has, in the Social Security Act, provided for grants-in-aid to the States for public assistance to needy persons on a categorical basis, including therein grants for old-age assistance, aid to the blind, and to dependent children, and grants for other limited and specific purposes, but the categories do not cover the entire field of persons in need of public assistance, and no Federal provision for assistance is made in respect to residual categories; and

"Whereas major improvements in the provision and administration of public assistance within the past 10 years in respect to standards and amounts of aid have been made only in those fields in which the States have received Federal assistance, and which have been administered under the guidance and supervision of the Federal Social Security Board; and

"Whereas it is only in those fields in which State-wide uniformity has been achieved in respect to budgetary standards, application of rules of eligibility, rights of appeal, and like matters: Now, therefore, be it

Resolved by the Assembly and Senate of the State of California, jointly, That the Congress and President of the United States are hereby memorialized and urged to enact such legislation as may be necessary to provide Federal assistance for, and to bring within the scope of the Federal Social Security Board, the entire field of public assistance to the needy, including assistance and maintenance for general hospitals, general relief, and aid to the deaf, physically handicapped and other categories of needy persons not presently receiving aid, on an equal matching basis with States and other political subdivisions, and to liberalize the provisions for assistance to categories of persons to whom aid now is provided so that the Federal assistance will amount to at least one-half of the aid provided, in all instances where the Federal assistance is now provided in a lesser amount; and be it further

Resolved, That the chief clerk of the assembly is directed to transmit copies of this resolution to the President of the United States, the Presiding Officer of each of the Houses of Congress, and to each Senator and Representative from California in the Congress of the United States."

Two resolutions of the Assembly of the State of California; to the Committee on Finance:

"House Resolution 86

"Resolution relating to development of Alaska and amendment of Servicemen's Readjustment Act of 1944, extending benefits to veterans for Alaska homesteads

"Whereas Alaska is the approximate airway center of this continent to capitals of Europe and Asia; and

"Whereas the rapid development of world-wide air travel is accentuating its strategic position for national defense and commercial transportation; and

"Whereas it has vast natural resources to replace some of those depleted in the United States during the war; and

"Whereas only a few thousand acres are actually under cultivation contrasted with more than 1,000,000 acres suitable for farming and livestock raising; and

"Whereas it is the conviction of this Assembly that Alaska should be developed at the earliest possible date: Now, therefore, be it

Resolved by the Assembly of the State of California, That the Assembly of the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to appropriate moneys necessary to build highways, harbors,

railroads, and other facilities to develop the territory of Alaska; and be it further

Resolved, That to provide employment for war veterans and encourage the migration to and development of Alaska, the Congress is urged to amend the Servicemen's Readjustment Act of 1944, as amended, to allow veterans of World War II, in lieu of receiving educational benefits under said act, to receive benefits in the same amounts for use in development of lands homesteaded by such veterans in the Territory of Alaska; and be it further

Resolved, That the chief clerk of the assembly be hereby directed to transmit copies of this resolution to the President of the United States, the President pro tempore of the Senate, the Speaker of the House of Representatives, and the Senators and Representatives from California in the Congress of the United States."

"House Resolution 100

"Resolution relative to relaxation of social-security restrictions to permit recipients of aid to the aged to assist in the production of food to meet world needs

"Whereas there exists throughout the world a shortage of food so severe as to threaten widespread famine and starvation in many extensive and different areas; and

"Whereas the United States has adopted the policy of exerting every effort to make its resources for the production of food available to the persons in such areas, and the officials of the Government of the United States have urged farmers to increase their production of agricultural products suitable for use as human food, and have taken other measures to insure the maximum production of food and the maximum utilization of agricultural products as food; and

"Whereas the present provisions of title 1 of the Federal Social Security Act discourage recipients of old-age security aid from engaging in agricultural labor and other activities in connection with the production and processing of food; and

"Whereas the relaxation of the Social Security Act effected by subdivision (f) of section 5 of the Farm Labor Supply Appropriation Act of 1944 (Public Law 229) is not sufficiently extensive to encourage recipients of aged aid to use their best efforts in assisting in meeting the world-wide shortage of food: Now, therefore, be it

Resolved by the Assembly of the State of California, That the Congress of the United States and the Federal Social Security Board are hereby requested to make such changes in the provisions and interpretation of the Federal Social Security Act as will permit recipients of aid to the aged to engage in the production and processing of food to meet the present desperate world need without thereby suffering any loss of or disqualification for the aid they would otherwise receive; and be it further

Resolved, That the chief clerk of the assembly is directed to transmit copies of this resolution to the President of the United States, the presiding officers of both Houses of Congress, to each Senator and Representative from California in the Congress of the United States, and to the Federal Social Security Board."

A joint resolution of the Legislature of the State of California; to the Committee on Military Affairs:

"Senate Joint Resolution 4

"Joint resolution relative to Federal legislation granting terminal furloughs and leaves to enlisted personnel of the armed forces of the United States

"Whereas enlisted personnel of the military and naval service of the United States receive by regulation certain furloughs and leaves annually; and

"Whereas, due to the demands of combat service, the pressure or work in some non-combat areas, and the very great shortage of ships and rail transportation facilities, many enlisted personnel have of necessity been denied furlough and leave time accrued to them in the course of service and which has been lost to them under the rule that annual furloughs and leaves for enlisted personnel are not cumulative from year to year; and

"Whereas annual leaves to commissioned personnel are cumulative from year to year; and

"Whereas terminal leaves have been granted to commissioned personnel as an adjustment for earned leave denied them by the exigencies of wartime service; and

"Whereas this has resulted in a situation inequitable to the enlisted personnel of the armed services: Now, therefore, be it

"Resolved by the Senate and Assembly of the State of California, jointly, That the Legislature of California urges the elected Representatives of the people of California in the National Congress to support Federal legislation granting terminal furloughs and leaves to enlisted personnel on the same basis that terminal leave for commissioned personnel is granted, with the further provision, applicable to all enlisted personnel discharged since December 7, 1941, that a cash payment be made to discharged enlisted personnel for furlough or leave time earned but denied to them by the demands of duty and forfeited at time of discharge; and be it further

"Resolved, That the secretary of the senate is directed to transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

A resolution of the Legislative Assembly of the Virgin Islands; to the Committee on Territories and Insular Affairs:

"Resolution petitioning the Senate of the United States to confirm the appointment of Judge William Hastie as Governor of the Virgin Islands

"Whereas President Truman has issued and sent to the Senate the nomination of William Henry Hastie to be Governor of the Virgin Islands of the United States; and

"Whereas the people of the Virgin Islands are confident that William Hastie, judging from his ability, experience, and knowledge of local affairs, is fully and eminently qualified to efficiently perform the functions of this important office; and

"Whereas the experience of the people of the Virgin Islands with respect to William Hastie during his incumbency in these islands as judge of the Federal district court shows conclusively that he is an ardent worker for the advancement of sound, progressive, democratic government, based on the ideals arising out of the American concept of democracy; and

"Whereas we feel this nomination of the President and its confirmation by the Senate would bring to the Government of the Virgin Islands an officeholder that would do much to enhance the relationship of the Republic and these Virgin Islands: Be it

"Resolved by the Legislative Assembly of the Virgin Islands in session assembled, That the Senate of the United States, in consideration of the premises hereinbefore set forth, be and is hereby respectfully petitioned and urged to confirm the Presidential appointment of William Hastie as Governor of the Virgin Islands of the United States; and be it further

"Resolved, That this resolution be sent to the honorable the President of the Senate, and that copies thereof be transmitted to His Excellency, the President of the United States, and the honorable the Secretary of the Interior, the Acting Governor of the Virgin Islands, and Judge William Henry Hastie."

A resolution adopted by the City Council of the City of Grand Forks, N. Dak., favoring an appropriation by the Congress for the construction of the Bald Hill Reservoir on Sheyenne River, N. Dak.; to the Committee on Appropriations.

A letter in the nature of a memorial from Mr. and Mrs. L. A. Erickson, of Chicago, Ill., remonstrating against the enactment of the so-called Case antistrike bill; to the Committee on Education and Labor.

A resolution adopted by the tenth annual convention of the United Rubber Workers of America, at Grand Rapids, Mich., favoring the enactment of legislation providing a permanent Fair Employment Practice Committee; ordered to lie on the table.

MINIMUM WAGE—TELEGRAM FROM HAYS (KANS.) FLOUR MILLS AND WHEATLAND ELEVATORS

Mr. CAPPER. Mr. President, I ask unanimous consent to present for appropriate reference and to have printed in the RECORD a telegram from D. B. Simpson, district manager, the Hays City Flour Mills and the Wheatland Elevators, Hays, Kans., relating to Senate bill 1349, providing a 65-cent minimum wage. This bill will soon be before the Senate for consideration, and I invite attention to the appeal made by this organization and other flour mills in my section of the country.

There being no objection, the telegram was received, referred to the Committee on Education and Labor, and ordered to be printed in the RECORD, as follows:

HAYS, KANS., February 20, 1946.

ARTHUR CAPPER,
Senator, Senate Office Building,
Washington, D. C.

Minimum wage bill S. 1349 as approved by Senate Labor Committee should be confined to a 65-cent minimum and no effort made at this time to forecast conditions which will be pertinent 2 and 4 years hence. We are not fully advised of proposed extended coverage but by all means recommend that area of production employees who are required to deal with producers at all hours of day should continue exempt. In addition section 13-A should exempt any individual whose employment requires him to assume complete charge of plant or department thereof during his shift and who supervises other employees. This exemption was intended when act originally passed but administrator's definition of executive employee so narrow in its application to such small plants as ours that it leaves under coverage supervisory employees who are in complete charge of the plant on night shift.

D. B. SIMPSON,
District Manager, the Hays City
Flour Mills and the Wheatland
Elevators.

STRIPPER OIL FIELDS OF KANSAS—LETTER AND RESOLUTION FROM INDEPENDENCE (KANS.) CHAMBER OF COMMERCE

Mr. CAPPER. Mr. President, I have received a letter from Charles Spencer, secretary, Independence Chamber of Commerce, Independence, Kans., together with a resolution adopted by that chamber, urging the continuation of the stripper oil well subsidies to keep these small wells in production.

While I have the floor, Mr. President, I want to say that this is one kind of a subsidy that may be justified, in the interest of oil production and of conservation of petroleum, which is a valuable national resource. The subsidy on

stripper-well production of petroleum will enable these wells to keep in production and prevent waste. The subsidy for this purpose is an entirely different proposition from an across-the-board subsidy for oil production, to which I would be unalterably opposed. It will not affect the price of crude oil, nor of any petroleum products.

I ask that the letter from Mr. Spencer and the attached resolution from the Independence Chamber of Commerce be printed in the RECORD and then referred to the Committee on Banking and Currency.

There being no objection, the letter and resolution were received, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

THE CHAMBER OF COMMERCE,
Independence, Kans., February 20, 1946.
ARTHUR CAPPER,
United States Senator,
Washington, D. C.

DEAR SENATOR: The board of directors of the Independence Chamber of Commerce today adopted the enclosed resolution in relation to the welfare of the stripper oil fields of Kansas. You will understand that when flush production has passed in any field it then goes into the category of stripper production. Montgomery County and a very large section of southeast Kansas is entirely stripper territory, and has been for the past 20 years. However, it is definitely known that through secondary recovery methods and a reasonable price these wells will eventually produce twice as much oil over a period of years as they did through the flush production time. This is largely true of other oil sections of Kansas. This situation is recognized now through a Federal subsidy of 15 to 35 cents a barrel in this territory, but this subsidy is to expire in June unless it is extended by legislation. We hope you will give this resolution consideration, and if you are not fully acquainted with its possible merit that you will make an effort to understand the problem as it concerns Kansas, so that you will be able to act with definite and well-founded conclusions when the subject comes up for consideration in Congress.

Sincerely yours,
CHARLES SPENCER,
Secretary.

Whereas Montgomery County has for 40 years been an important oil-producing area, and has proven productive areas exceeding 40,000 acres; and

Whereas oil has been a principal source of taxable revenue in Kansas for many years from which funds have been derived with which to build roads and maintain schools; and

Whereas many thousands of men are employed throughout the United States, and over 500 in Montgomery County in connection with lease work and the actual producing of oil from small (stripper) wells which produce a large percentage of all oil produced in the Nation and which, if abandoned, would leave in the ground, never to be recovered, approximately 5,000,000 barrels of oil representing about 25 percent of our known reserves; and

Whereas during the recent war a conservation payment (sometimes called subsidy) was granted by the Government to the producers of small wells in order to prevent the abandonment of these wells most of which were being operated at a loss because of increased costs of production, which payment today represents in most cases the difference between a loss and a small profit to the operator; and

Whereas the conservation payment, unless extended by act of Congress, expires June 30, 1946, and, if permitted to expire, will mean not only ruin to many small operators but a great loss to the royalty owners and great damage to the State from loss of taxable income as well as unnecessarily depleting our oil reserves at a time when we should be doing everything possible to preserve and utilize our known reserves; and

Whereas as an inducement to encourage secondary recovery methods for the purpose of recovering every barrel of oil possible from any well before it is abandoned, and for the purpose of doing justice to an industry which so loyally supported our Government in its conservation program during the war, and through whose efforts enough oil was produced and sold below the cost of replacement to defeat our enemies months or even years sooner than otherwise would have been possible, and in order to prevent wholesale abandonment of wells and cause hundreds of thousands of workers and their families needless hardships by being thrown out of work, and as premature abandonment of these wells will cause a great loss to this country and State through the loss of a taxable resource; and

Whereas all these disastrous consequences can be avoided by an act of Congress making the conservation payment permanent: Now, therefore, be it

Resolved by the Independence Chamber of Commerce in meeting assembled this the 19th day of February 1946, That each Senator and Representative in Washington from Kansas be urged to, as soon as possible, support and work for the passage of such legislation as will make the conservation oil payment a permanent price differential, with the proviso that any such payment shall be computed on a percentage of the posted price for crude oil in the area where the wells are located. Each day about 250,000 barrels of reserves are being lost by premature abandonment. This loss must be stopped by the earliest possible legislative action.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. McCARRAN, from the Committee on the Judiciary:

S. J. Res. 141. Joint resolution authorizing the President to proclaim April 19, 1946, as Students and Teachers Day in commemoration of their contributions in helping to bring about victory in the present war; without amendment (Rept. No. 992).

By Mr. ELLENDER, from the Committee on Education and Labor:

S. 1298. A bill to establish an office of Under Secretary of Labor, and three offices of Assistant Secretary of Labor, and to abolish the existing office of Assistant Secretary of Labor and the existing office of Second Assistant Secretary of Labor; without amendment (Rept. No. 993).

By Mr. BILBO, from the Committee on the District of Columbia:

S. 1841. A bill to amend an act entitled "An act to establish standard weights and measures for the District of Columbia; to define the duties of the Superintendent of Weights, Measures, and Markets of the District of Columbia; and for other purposes," approved March 3, 1921, as amended; without amendment (Rept. No. 994); and

H. R. 5060. A bill to amend section 1 of the act entitled "An act to fix the salaries of officers and members of the Metropolitan Police force, the United States Park Police force, and the Fire Department of the District of Columbia," approved May 27, 1924; with an amendment (Rept. No. 995).

By Mr. HUFFMAN, from the Committee on the District of Columbia:

H. R. 4283. A bill to require parking facilities for the persons employed in Federal

office buildings in the District of Columbia; with amendments (Rept. No. 996).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GUFFEY:

S. 1859. A bill to provide basic authority for the performance of certain functions and activities of the Bureau of Mines; and

S. 1860. A bill to reenact and amend the Organic Act of the United States Geological Survey by incorporating therein substantive provisions confirming the exercise of long-continued duties and functions and by defining their geographic scope; to the Committee on Mines and Mining.

By Mr. LUCAS:

S. 1861. A bill to record the lawful admission to the United States for permanent residence of Naka Matsukata Rawsthorne; to the Committee on Immigration.

By Mr. WALSH:

S. 1862. A bill to repeal section 1548 Revised Statutes (34 U. S. C. 592); to the Committee on Naval Affairs.

By Mr. THOMAS of Oklahoma:

S. 1863. A bill to provide for the protection of forests against destructive insects and diseases, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. THOMAS of Utah

S. 1864. A bill to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim or claims of the Aleutian Livestock Co., Inc.; to the Committee on Claims.

By Mr. RADCLIFFE:

S. 1865. A bill directing the Secretary of Commerce, through the Bureau of the Census, to make a survey of physically handicapped citizens; to the Committee on Commerce.

S. 1866. A bill to incorporate the American Merchant Marine Library Association; to the Committee on the Judiciary.

By Mr. BILBO:

S. 1867. A bill providing for the retirement of public-school teachers in the District of Columbia; to the Committee on the District of Columbia.

(Mr. JOHNSON of Colorado introduced Senate bill 1868, to authorize the Veterans' Administration to appoint and employ retired officers without affecting their retired status, and for other purposes, which was referred to the Committee on Finance and appears under a separate heading.)

AUTHORIZATION FOR VETERANS' ADMINISTRATION TO APPOINT AND EMPLOY CERTAIN RETIRED OFFICERS

Mr. JOHNSON of Colorado. Mr. President, I ask unanimous consent to introduce for appropriate reference a bill to authorize the Veterans' Administration to appoint and employ retired officers without affecting their retired status, and for other purposes, and request that the bill together with a copy of a letter from Gen. Omar N. Bradley, Administrator of Veterans' Affairs, addressed to the President of the Senate, dated February 26, 1946, be printed in the RECORD.

The PRESIDENT pro tempore. Without objection, the bill will be received and appropriately referred, and, without objection, the bill, together with the letter, will be printed in the RECORD.

The bill (S. 1868) to authorize the Veterans' Administration to appoint and employ retired officers without affecting their retired status, and for other purposes, was read twice by its title, referred to the Committee on Finance,

and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That notwithstanding section 2 of the act of July 31, 1894 (28 Stat. 205), as amended (5 U. S. C. 62), or section 6 of the act of May 10, 1916 (39 Stat. 120), as amended (5 U. S. C. 58, 59), the Administrator of Veterans' Affairs may appoint to, and employ in, any civilian office or position in the Veterans' Administration, and pay any retired commissioned officer, or retired warrant officer, of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service. The retired status, office, rank, and grade of retired commissioned officers, or retired warrant officers, so appointed or employed and, except as provided in section 212 of the act of June 30, 1932 (47 Stat. 406), as amended (5 U. S. C. 59a), any emolument, perquisite, right, privilege, or benefit incident to or arising out of any such status, office, rank, or grade, shall be in no way affected by reason of such appointment to or employment in, or by reason of service in, or acceptance or holding of, any civilian office or position in the Veterans' Administration or the receipt of the pay thereof.

The letter was ordered to be printed in the RECORD, as follows:

FEBRUARY 26, 1946.

THE PRESIDENT OF THE SENATE,
The Capitol, Washington, D. C.

SIR: There is enclosed a draft of a proposed bill entitled "A bill to authorize the Veterans' Administration to appoint and employ retired officers without affecting their retired status, and for other purposes," with the request that the same be introduced and considered for enactment as soon as possible.

The purpose of the proposed measure is to enable the Veterans' Administration to secure the services of a number of outstanding physicians, executives, and hospital managers, who have had highly specialized training and experience in the management of hospitals and offices and who are urgently needed in the expanding organization of the Veterans' Administration to provide adequate care for World War II veterans, particularly those having service-incurred disabilities or who are entitled to benefits under the Servicemen's Readjustment Act of 1944, as amended. A number of such persons are retired officers of the military or naval forces of the United States and it is not possible for the Veterans' Administration to secure the services of certain of such officers under existing laws. Others, whose service will be needed, contemplate early retirement.

Under the provisions of the proposed bill, any retired officer could accept employment in the Veterans' Administration and receive his retired pay and the pay of his civilian position, except as provided by section 212 of the act of June 30, 1932 (47 Stat. 406), as amended (5 U. S. C. 59a), without affecting his status as a retired commissioned officer or retired warrant officer.

The laws which affect the employment of certain retired officers in civilian positions in the Government are section 2 of the act of July 31, 1894 (28 Stat. 205) as amended (5 U. S. C. 62), section 6 of the act of May 10, 1916 (39 Stat. 120), as amended, and section 212 of the act of June 30, 1932 (47 Stat. 406), as amended (5 U. S. C. 59a). Section 2 of the act of July 31, 1894 (23 Stat. 205), as amended reads:

"No person who holds an office the salary or annual compensation attached to which amounts to the sum of \$2,500 shall be appointed to or hold any other office to which compensation is attached unless specially authorized thereto by law; but this shall not apply to retired officers of the Army, Navy, Marine Corps, or Coast Guard whenever they may be elected to public office or whenever the President shall appoint them to office

by and with the advice and consent of the Senate. Retired enlisted men of the Army, Navy, Marine Corps, or Coast Guard retired for any cause, and retired officers of the Army, Navy, Marine Corps, or Coast Guard who have been retired for injuries received in battle or for injuries or incapacity incurred in line of duty shall not, within the meaning of this section, be construed to hold or to have held an office during such retirement" (5 U. S. C. 62).

Section 6 of the act of May 10, 1916 (39 Stat. 120), as amended, reads:

"Unless otherwise specifically authorized by law, no money appropriated by any act shall be available for payment to any person receiving more than one salary when the combined amount of said salaries exceeds the sum of \$2,000 per annum" (5 U. S. C. 58).

"Section 58 of this title shall not apply to retired officers or enlisted men of the Army, Navy, Marine Corps, or Coast Guard, or to officers and enlisted men of the organized militia and naval militia in the several States, Territories, and the District of Columbia" (5 U. S. C. 59).

Section 212 of the act of June 30, 1932 (47 Stat. 406), as amended, reads:

"(a) After June 30, 1932, no person holding a civilian office or position, appointive or elective, under the United Government or the municipal government of the District of Columbia or under any corporation, the majority of the stock of which is owned by the United States, shall be entitled, during the period of such incumbency, to retired pay from the United States for or on account of services as a commissioned officer in any of the services mentioned in title 37, at a rate in excess of an amount which when combined with the annual rate of compensation from such civilian office or position, makes the total rate from both sources more than \$3,000; and when the retired pay amounts to or exceeds the rate of \$3,000 per annum such person shall be entitled to the pay of the civilian office or position or the retired pay, whichever he may elect. As used in this section, the term 'retired pay' shall be construed to include credits for all service that lawfully may enter into the computation thereof.

"(b) This section shall not apply to any person whose retired pay, plus civilian pay, amounts to less than \$3,000: *Provided*, That this section shall not apply to regular or emergency commissioned officers retired for disability incurred in combat with an enemy of the United States or for disabilities resulting from an explosion of an instrumentality of war in line of duty during an enlistment or employment as provided in Veterans Regulation No. 1 (a), part I, paragraph I" (5 U. S. C. 59 (a), (b)).

The proposed legislation will remove the restriction on appointment to positions in the Veterans' Administration as to certain retired officers not exempt from the provisions of section 2 of the act of July 31, 1894, as amended (5 U. S. C. 62), but the provisions of section 212 of the act of June 30, 1932, as amended (5 U. S. C. 59a), would apply to persons not exempt therefrom by the terms thereof, appointed as a result of the proposed legislation, so as to prohibit receipt of a combined amount of retired pay and civilian pay in excess of a rate of \$3,000 per year, while permitting such persons to receive either the full amount of their retired pay or the full amount of their civilian pay if the retired pay amounts to or exceeds the rate of \$3,000 per annum. The proposed legislation will exempt retired officers of the Coast and Geodetic Survey and Public Health Service when appointed and employed by the Veterans' Administration from the application of section 6 of the act of May 10, 1916, as amended (5 U. S. C. 58).

The need of immediate increase in personnel of the Veterans' Administration in Washington and in the field makes it imperative to secure the services of experienced

and qualified personnel, if the laws providing benefits for veterans, particularly veterans of World War II, are to be adequately and promptly administered. Several of those best qualified at this time are on the retired rolls of the Army or the Navy or may soon assume that status.

Because of the restrictions under existing law, it will not be possible to secure the services of certain highly trained persons who, while in the armed forces during the war, demonstrated outstanding ability to handle large problems similar to those which now confront the Veterans' Administration. During the critical period which will continue for a number of years, the Veterans' Administration will be definitely handicapped if it is unable to utilize the services of such persons, who, under existing law, upon retirement may accept private employment without limitation.

It will be noted that under the act of July 31, 1894, as amended, heretofore cited, certain officers retired for disability are exempt from the restrictions therein contained. The considerations which justify exemption in the case of those retired for disability would appear to justify the proposed legislation to exempt other retired officers, particularly as the authorization for such exemption will be exercised only in a limited number of cases where there can be no question of the ability of the individual to discharge the responsibilities of the particular position.

In order that the Veterans' Administration may not be unnecessarily delayed in expanding its organization to serve World War II veterans, it is requested that the proposed measure receive prompt consideration.

Advice has been received from the Bureau of the Budget that there would be no objection by that office to the submission of this proposed legislation to the Congress.

Respectfully,

OMAR N. BRADLEY,
General, United States Army, Administrator.

TERMINAL FURLONGS WITH PAY AND ALLOWANCES TO ENLISTED MEN—AMENDMENT

Mr. JOHNSON of Colorado submitted an amendment in the nature of a substitute, intended to be proposed by him to the bill (S. 721) to provide for granting terminal furloughs with full pay and allowances to enlisted men upon separation from service, which was referred to the Committee on Military Affairs and ordered to be printed.

PRESERVATION OF TECHNICAL AND ECONOMIC RECORDS OF DOMESTIC SOURCES OF ORES OF METALS AND MINERALS—AMENDMENT

Mr. McCARRAN submitted an amendment intended to be proposed by him to the bill (S. 1575) to insure the preservation of technical and economic records of domestic sources of ores of metals and minerals, which was referred to the Committee on Mines and Mining and ordered to be printed.

INVESTIGATION OF PEARL HARBOR ATTACK—INCREASE IN LIMIT OF EXPENDITURES

Mr. BARKLEY submitted the following concurrent resolution (S. Con. Res. 56), which was referred to the Committee To Audit and Control the Contingent Expenses of the Senate:

Resolved by the Senate (the House of Representatives concurring), That the limit of expenditures authorized by Senate Concurrent Resolution 27, Seventy-ninth Congress, for the investigation of the Pearl Harbor at-

tack, be, and the same is hereby, increased by an additional \$25,000, one-half of said amount to be paid from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives, upon vouchers signed by the chairman of the Joint Committee on the Investigation of the Pearl Harbor Attack.

Mr. MAYBANK subsequently said: Mr. President, from the Committee To Audit and Control the Contingent Expenses of the Senate, I report favorably, without amendment, Senate Concurrent Resolution 56, submitted today by the Senator from Kentucky [Mr. BARKLEY], and I ask unanimous consent for its present consideration.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the concurrent resolution was considered and agreed to.

PRINTING OF ADDITIONAL COPIES OF PARTS 1 AND 2 OF HEARINGS BEFORE SPECIAL COMMITTEE ON ATOMIC ENERGY

Mr. McMAHON submitted the following resolution (S. Res. 232), which was referred to the Committee on Printing:

Resolved, That in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Special Committee on Atomic Energy be, and is hereby, authorized and empowered to have printed for its use 2,000 additional copies of parts 1 and 2 of the hearings held before the said special committee during the first session, Seventy-ninth Congress, relative to atomic energy.

AMENDMENT OF PAY READJUSTMENT ACT OF 1942 RELATING TO FLYING PAY, PARACHUTE PAY, ETC.

Mr. McKELLAR. Mr. President, in the Rescissions Act recently passed and more recently signed by the President there was a joint recommendation for revision of the Pay Readjustment Act of 1942, as amended, including but not restricted to recommendations with respect to increases authorized for flying pay, parachute pay, glider pay, submarine pay, and similar special pay allowances. The Secretary of War and the Secretary of the Navy were required to report to the Senate concerning those matters. Mr. President, I ask unanimous consent to have printed in the RECORD, first, a joint letter of February 26 from the Secretary of the Navy, Mr. Forrestal, and the Secretary of War, Judge Patterson, and secondly a copy of a proposed bill to amend the Pay Readjustment Act of 1942, as amended, and for other purposes. I request that the letter and proposed bill be appropriately referred.

There being no objection, the letter and proposed bill were referred to the Committee on Military Affairs and ordered to be printed in the RECORD, as follows:

FEBRUARY 26, 1946.

HON. KENNETH McKELLAR,
President of the Senate.

DEAR MR. PRESIDENT: In response to directive of the Congress which was included in the First Supplemental Surplus Appropriation Rescission Act of 1946 directing the Secretary of War and the Secretary of the Navy to submit to Congress on or before January 8, 1946 (subsequently changed to February 28,

1946), a joint recommendation "for revision of the Pay Readjustment Act of 1942, as amended, including but not restricted to recommendations with respect to increases authorized for flying pay, parachute pay, glider pay, submarine pay, and similar special pay and allowances," the Secretary of War and the Secretary of the Navy herewith transmit to you their recommendations.

The Secretary of War and the Secretary of the Navy recommend that the pay and the money allowances for subsistence and for rental of quarters of all persons in all the services mentioned in the title of the mentioned act be increased in the amount of 20 percent. Analytical economic studies conducted at the direction of the Secretary of War and the Secretary of the Navy were made in order to facilitate the making of proper recommendations relative to this matter. Based upon this study, there is inclosed a draft of bill which the Secretary of War and the Secretary of the Navy recommend be enacted into law for the purpose of implementing the foregoing.

After long and careful consideration, the Secretary of War and the Secretary of the Navy recommend that no changes be made with respect to increases in pay authorized for flying pay, parachute pay, glider pay, and submarine pay (or similar special pay and allowances). However, in recognition of the fact that all personnel of the services are now required to fly in connection with their official duties, a further recommendation is made that any personnel not in flying status who dies as a result of an aircraft accident which occurs at a time when such person is under orders or authorization of competent authority to engage in flights in military or naval aircraft that there shall be paid on account of such death a gratuity in the amount of \$10,000.

The Secretary of War, the Secretary of the Navy, and officers of all of the services will be available to testify fully explaining the basis of the foregoing recommendations.

The Secretary of War and the Secretary of the Navy consider it appropriate to note that the heads of the Marine Corps, the Coast Guard, the Public Health Service, and the Coast and Geodetic Survey unanimously concur in the foregoing recommendations.

Cost of proposed legislation is estimated to be \$28,185,098 per 100,000 personnel per year.

Respectfully,

ROBERT P. PATTERSON,
Secretary of War.
JAMES FORRESTAL,
Secretary of the Navy.

A bill to amend the Pay Readjustment Act of 1942, as amended, and for other purposes

Be it enacted, etc., That the Pay Readjustment Act of 1942, as amended, is hereby further amended—

(a) By inserting in lieu of each amount of pay specified in the second paragraph of section 1, in the first paragraph of section 7, in the second and third paragraphs of section 8, in the first paragraph of section 9, and in section 17, an amount 20 percent in excess of the amount now so specified;

(b) By increasing by 20 percent the value of one subsistence allowance specified in section 5;

(c) By increasing by 20 percent each amount of money allowance for rental of quarters specified in the second and third paragraphs of section 6; and

(d) By repealing the final paragraph of section 8.

SEC. 2. The increases in pay and allowances specified by section 1 of this act shall be applicable to all persons whose pay and/or allowances are governed by, or by reference to, those sections of the Pay Readjustment

Act of 1942, as amended, which are specified by section 1 of this act.

SEC. 3. The provisions of section 1 and section 2 of this act shall become effective on the first day of second calendar month following its enactment, and no increase in pay or allowances for any period prior thereto shall accrue by reason of the enactment of this act.

SEC. 4. Whenever any member of the Army of the United States, Navy, Marine Corps, Coast Guard, or any component of such services, or any commissioned officer of the Coast and Geodetic Survey or Public Health Service, whether or not on active duty, who is not entitled to receive increased pay as provided in section 18 of the Pay Readjustment Act of 1942 (56 Stat. 368), as amended, dies as a result of an aircraft accident which occurs at a time when such person is under orders or authorization of competent authority to engage in aerial flight, and when such person is acting pursuant to, in furtherance of, or in connection with, such orders or authorization, there shall be paid on account of such death of each such person a gratuity in the amount of \$10,000, which shall be in addition to all other sums of money, the payment of which is authorized by law: *Provided, however,* That said gratuity shall also be paid on account of such death of any such person who has been placed in an active duty status or a training duty status for a period of less than 30 days whether or not such person is entitled to receive increased pay as provided in section 18 of the Pay Readjustment Act of 1942 (56 Stat. 368), as amended: *And provided further,* That no gratuity shall be paid in any case where the decedent's death results from the decedent's own misconduct: *And provided further,* That an aircraft accident shall be construed to mean an accident in which any such person, whether or not on active duty, dies, or is killed, while an occupant of a military or naval aircraft, or as the result of jumping from, being thrown from, or being struck by, military or naval aircraft or any part or auxiliary thereof, or as the result of disease, injury, exposure, starvation, thirst, or drowning, resulting from the abandonment of military or naval aircraft, or in which appropriate medical authority of the mentioned services attests that death resulted from participation in duly ordered or authorized aerial flight. Such gratuity shall be paid as follows: (a) in the case of the death of a member of the Army of the United States or of a commissioned officer of the Public Health Service, to the person or persons to whom the death gratuity is payable under the provisions of the Act of December 17, 1919 (41 Stat. 367), as amended; (b) in the case of the death of a member of the Navy, Marine Corps, Coast Guard, or of a commissioned officer of the Coast and Geodetic Survey, to the person or persons to whom the death gratuity is payable under the provisions of the Act of June 4, 1920 (41 Stat. 824), as amended; (c) in the case of the death of a member of any component of the services mentioned in (a) above, on account of whose death a death gratuity is not payable under existing law, to the classes of persons, including dependent relatives, specified to be recipients of the death gratuity by the Act of December 17, 1919 (41 Stat. 367), as amended, and in the manner and order therein provided, without regard, however, to the designation of a dependent relative; and (d) in the case of the death of a member of any component of the services mentioned in (b), above, on account of whose death a death gratuity is not payable under existing law, to the classes of persons, including dependent relatives, specified to be recipients of the death gratuity by the Act of June 4, 1920 (41 Stat. 824), as amended, and in the manner and order therein provided, without regard, however, to the designation of a dependent relative. The gratuity

herein provided shall be paid from funds appropriated for the payment of pay, wages and/or salaries by the department, service or agency having jurisdiction over the deceased person. The provisions of this section shall be administered by the head of the department, service or agency concerned under such regulations as the President shall prescribe. The term "military or naval aircraft" as herein used shall be deemed to include, without being limited to, National Guard aircraft and aircraft duly authorized for use by personnel of the Army of the United States, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service, or any component of those services, but shall not be deemed to include commercially operated aircraft.

THE RIGHT TO STRIKE—DEBATE BETWEEN SENATOR WILEY AND HERBERT S. THATCHER

[Mr. WILEY asked and obtained leave to have printed in the RECORD a debate on the subject Should Congress Restrict the Right to Strike? participated in by him and by Herbert S. Thatcher, associate counsel, American Federation of Labor, which appears in the Appendix.]

SUGGESTION THAT APOSTLE ISLANDS BE MADE SEAT OF UNITED NATIONS

[Mr. WILEY asked and obtained leave to have printed in the RECORD an open letter to the United Nations Organization entitled "Why Not the Apostle Islands?" published in the Washburn (Wis.) Times of February 21, 1946, which appears in the Appendix.]

TRIBUTE TO DR. GEORGE WASHINGTON CARVER BY SENATOR GUFFEY

[Mr. GUFFEY asked and obtained leave to have printed in the RECORD an address delivered by him at a banquet in memory of the late Dr. George Washington Carver, held in Harrisburg, Pa., January 22, 1946, which appears in the Appendix.]

PENNSYLVANIA'S FARMERS—EDITORIAL FROM PHILADELPHIA EVENING BULLETIN

[Mr. GUFFEY asked and obtained leave to have printed in the RECORD an editorial entitled "Pennsylvania's Farmers" from the Philadelphia Evening Bulletin of January 24, 1946, which appears in the Appendix.]

JEWISH RELIEF—ADDRESS BY BERNARD M. BARUCH

[Mr. GEORGE asked and obtained leave to have printed in the RECORD an address on Jewish relief by Bernard M. Baruch delivered in New York February 25, 1946, which appears in the Appendix.]

THE SCHOOL-LUNCH PROGRAM—EDITORIAL FROM WASHINGTON POST

[Mr. CAPPER asked and obtained leave to have printed in the RECORD an editorial entitled "School Lunches," published in the Washington Post of February 23, 1946, which appears in the Appendix.]

DEFECTS IN ADMINISTRATION OF PRICE CONTROL ACT

Mr. WILEY. Mr. President, I ask unanimous consent that I may address the Senate for not exceeding 5 minutes.

The PRESIDENT pro tempore. Is there objection? The Chair hears none.

Mr. WILEY. Mr. President, OPA must go, or it must get some sense. Congress must not slip up on its obligation in this period. There appeared in the Washington Post under date of February 26 a paid-for editorial by James H. McGraw, Jr. This editorial might well be read by all Americans, because, in my

opinion, it states the problem with which we are faced. The title of this editorial is *The President's Wage Price Policy Won't Work*, and under it are the following subtitles:

First. Past Government policy fostered dissension.

Second. New policy differs little from old.

Third. The danger of inflation is real.

Fourth. Controls must be consistent and progressively relaxed.

I indicated, Mr. President, that I agreed with the general philosophy of this editorial. Congress must take appropriate action to see that the extension asked for is not granted except upon such terms and conditions as will make sure that the power granted will be used with judgment and common sense.

On January 19, 1946, I wrote to Mr. Chester Bowles who at that time was Director of the Office of Price Administration. I ask that my letter be placed in the RECORD at this point in my remarks.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The letter is as follows:

UNITED STATES SENATE,
COMMITTEE ON THE JUDICIARY,
January 19, 1946.

HON. CHESTER BOWLES,
Office of Price Administration,
Washington, D. C.

DEAR MR. BOWLES: I am writing to you as one who regards the danger of inflation as the greatest single menace facing our country today but I also believe that your agency has badly muddled the crucial job of preventing inflation.

It is with the hope that you will effect some improvement in the present set-up that I am writing this communication to you. Unless you do effect such improvement, you will leave little alternative to Congress when it ponders its decisions regarding your future appropriations and the possible extension of price controls beyond June 30.

To what do I object in your present set-up? My objections, based on personal experiences with OPA and on innumerable letters and telegrams which have come to me from my own and other States in addition to personal talks with our citizens, are as follows:

1. The nature of your personnel: I believe that there is no single agency in the history of our country which has created so many czars out of pipsqueak juveniles who have no understanding of the functions of a public servant. I believe that your organization would profit by 50-percent reduction consisting of persons in authority who have never met a pay roll and by their replacement with unpaid industry men who know and believe in private enterprise.

2. The nature of your organization: I believe that your organization has needless layer upon layer of bureaucratic superstructure. I see no apparent justification for your regional offices. I believe your local offices can be reduced 50 percent and still help do a constructive anti-inflation job.

3. The nature of your public directives: I believe your regulations are confusing and confounding, filled with incomprehensible abstractions and verbosity. I believe that your directives can be vastly reduced, simplified, and clarified.

4. The nature of your enforcement: I believe your gestapo-like tactics and hirelings have infuriated and provoked the American people, often to resort to black markets. Your enforcement staff and procedure should be ridded of such individuals and methods. It should be greatly reduced in numbers.

Such men as are assigned to it should have the fullest respect for the constitutional rights of the American citizen and faith in the inherent honesty and goodness of our people.

5. The guiding policy of your administration: I believe that your guiding policy is absolutely antithetical to the American system of private enterprise. By forcing companies to operate at a loss or at a negligible profit, you have been responsible for the severe reduction of production—the great factor in preventing inflation. If you were to grant price increases in justifiable cases sufficient to encourage private enterprise to maximum production, the resultant Niagara of goods produced would be the greatest possible anti-inflationary factor.

There are other objectives which I have raised to OPA in the past—all presented, I affirm, in a spirit of constructive suggestions to help America be adequate to meet the inflation challenge. Such an objection has been my continued protest against the grossly unfair "Plymouth plus-Wisconsin minus" price ceilings on cheese which have penalized my own State, which produces more cheese than all other States combined, and cost our producers over \$10,000,000 since its imposition.

The square pegs who fill OPA's round holes must be eliminated. The American people demand this—Congress demands it.

This letter requires no response other than action which signifies improvements along the lines suggested.

Sincerely yours,

ALEXANDER WILEY.

Mr. WILEY. There are six points in this editorial to which I said I agreed. I ask Mr. President, that the six points be now printed in the RECORD.

There being no objection, the six points were ordered to be printed in the RECORD, as follows:

1. It must provide sufficient price relief to yield profits normal to high-level operation.

2. The basis for price relief must be clearly defined and geared to actual costs of operation at the earliest possible date.

3. OPA administrative procedures must be speeded up and streamlined, or the delays that characterized past administration will become intolerable.

4. It must see that, once established, the new line is held as long as wartime controls are continued by enforcing restrictions on wages as well as prices.

5. It must set an early date for the termination of all wartime controls and provide for progressive and bold steps for decontrol to be taken before that date, as soon as production levels in any field are sufficiently high to restrain runaway prices.

6. It must proceed without delay to marshal fiscal and monetary policies to combat inflation, in order that price controls may be discarded at the earliest possible date.

Unless Congress does this—and it will not be easy in an election year—we are headed for an explosion. It will come in one of two forms—either in a continuance of industrial strife, or in a rocketing inflationary boom that can only end in collapse and depression.

JAMES H. MCGRAW, Jr.

Mr. WILEY. Mr. President, I desire to comment briefly on two of the six points.

1. It must provide sufficient price relief to yield profits normal to high-level operation.

2. The basis for price relief must be clearly defined and geared to actual cost of operation at the earliest possible date.

Mr. President, a very distinguished Member of the other House yesterday told of an incident which may be multiplied throughout the country. He told

of the incident of 60 grocerymen who were haled before OPA because they had made a mistake of 1 cent in the price of certain chocolate. A certain brand of chocolate should have been sold at 12 cents and another brand at 11 cents, but, because of mistake, the prices were reversed and the brand that should have sold at 12 cents was sold at 11 cents.

The Gestapo agents of the OPA said to the 60 men—think of saying this in free America—"If you will pay a \$50 fine for this mistake you can go free; otherwise you will be taken into the Federal court; you will have to hire a lawyer, and it will cost you three or four hundred dollars."

That is one incident. I could speak of others. This was told me by a distinguished Member of Congress from the South.

Mr. President, this condition must stop. We do not authorize our servants to become masters or buccaneers; neither are they delegated to become Federal grafters or chiselers. OPA public servants, should use common sense and judgment—aid the harassed little businessman.

Now I desire to call attention to what I think is the most serious condition that exists in the OPA—and it arises from an utter failure by OPA to appreciate a very simple proposition. Businesses in my State and throughout the Union which were manufacturing certain products for civilian use, all at once went into war production back in 1940 and 1941. In war production their prices went up, but they were manufacturing for the Government, and the Government took care of the situation. Now they have been converted to peacetime production, and meanwhile the material that goes into peacetime production has risen from 25 to 50 percent and wages have gone up from 25 to 50 percent.

Yet time and again OPA has said, "You must produce this article which you produced in 1939, 1940, and 1941, at the same price at which you produced it in those years."

Mr. President, that is just foolishness, it is ignorance, if you please. The result has been that one little manufacturer in my State told me a few days ago that in December last his assets were \$550,000, but that he has lost \$50,000 a month ever since. He has asked for relief, but he cannot get it.

Frankly, this is the situation: OPA must "go," or Congress, when it extends it, must so provide that it cannot use these gestapo methods, and cannot impose upon the producers of this country the economic slavery that is evidenced in the case I have recited.

URGENT DEFICIENCY APPROPRIATION ACT, 1946

Mr. McKELLAR. Mr. President, I desire at this time to have the Senate take up for consideration the urgent deficiency appropriation bill. I understand there are some Senators who would like to have it go over, and I am wondering whether I can have unanimous consent to make it the unfinished business, with the understanding that it will go over until tomorrow. I make that request.

Mr. WHITE. Mr. President, the chairman of the committee has been kind enough to speak to me about the matter. I know of no reason why the request should not be acceded to.

The PRESIDING OFFICER (Mr. LUCAS in the chair). The clerk will state the bill by title.

The CHIEF CLERK. A bill (H. R. 5458) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. RUSSELL. I should like to have the request of the Senator from Tennessee clarified. I did not understand it.

Mr. McKELLAR. I merely desire to have the bill made the unfinished business. There are several Senators who want it to go over until tomorrow so that they may have additional time to look into it, and that is perfectly satisfactory to me. But I should like to have the bill made the unfinished business, and then let it go over.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. AIKEN. What is the bill?

The PRESIDING OFFICER. The bill will again be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 5458) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes.

Mr. McKELLAR. I have asked that the bill go over until tomorrow.

Mr. AIKEN. That is perfectly satisfactory.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee?

There being no objection, the Senate proceeded to consider the bill (H. R. 5458) making appropriation to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. McKELLAR. I now ask that consideration of the bill be postponed until tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

NOTICE OF ADDRESS BY SENATOR VANDENBERG

Mr. VANDENBERG. Mr. President, I rise to announce for the record that if I may be recognized tomorrow noon when the Senate meets, I should like to address the Senate in respect to the work of the United Nations at London, particularly in relation to Soviet-American relationships.

The PRESIDING OFFICER. The present Presiding Officer probably will not be in the chair at the time.

Mr. McKELLAR. I may say to the Senator from Michigan that that will be entirely satisfactory to the President pro tempore.

ONE HUNDREDTH ANNIVERSARY OF BIRTH OF WILLIAM F. CODY (BUFFALO BILL)

Mr. ROBERTSON obtained the floor.

Mr. McKELLAR. Mr. President, will the Senator yield to me to suggest the absence of a quorum?

Mr. ROBERTSON. I hope the Senator will withhold the suggestion.

Mr. McKELLAR. Very well.

Mr. ROBERTSON. Mr. President, today, the 26th day of February, my home town of Cody, my State of Wyoming, and the Nation will observe the one hundredth anniversary of the birth of Col. William Frederick Cody.

Colonel Cody, better known to everyone as Buffalo Bill, is remembered primarily as an Indian scout, a plainsman, and for his wild-west show. Mounted on his favorite horse, his white hair flowing down and across his broad shoulders, with rifle in hand, he rode around the arena of his show, and was a familiar sight to all people of a generation ago, here in the United States, in Britain, in France, in Germany, and throughout Europe.

The story of how he won the name of Buffalo Bill has become a part of the legend of the West. The legend, and the colonel himself, have become a part of the colorful history of the winning of our West.

Today in the town of Cody, Wyo., the town he founded and called his own, there is a magnificent equestrian statue of him, sculptured by Mrs. Harry Payne Whitney, and a museum, modeled on his ranch home, has been built to hold the trophies of his life.

But to the older people of the town, and to many whose memory goes back to the turn of the century, there is still another memorial near Cody—a living, vital, productive, and profitable memorial to the colonel. It is a memorial to him, not as a scout or a hunter or a showman, but as a builder of the great West, a man of foresight and vision, a man whose sun-faded eyes had envisioned new generations of people making their homes on the prairie land where he so often hunted. He could see coming from these lands, under the care of man, untold quantities of foodstuffs for a young and growing Nation. He could see beans and alfalfa, grain and potatoes, sugar beets and corn, growing where previously only buffalo grass waved in the wind. These things he could see even in this arid country, if only the magic touch of water could be brought to this parched land.

And so today, because of the vision and the determination of this pioneer of the West, we do have this water; we do have people making their homes on the prairie land; we do have corn and alfalfa and sugar beets and grains growing in abundance. And west of these fertile fields we have a high concrete dam and reservoir.

This dam and this reservoir, and the resultant thousands of acres of productive lands, are the living monument to which I refer. They are today known as the Shoshone Reservoir and the Shoshone

Dam, but the Senate last week passed Senate Joint Resolution 136, which I introduced, to have these renamed the "Buffalo Bill Dam and Reservoir", and on Thursday last the House Irrigation and Reclamation Committee voted unanimously in favor of the joint resolution.

I knew Colonel Cody intimately. I recall his telling how in the summer of 1879 he first viewed the Big Horn Basin of Wyoming, looking down on it from the high summit of the Big Horn Mountains to the east. Then, he said, he envisioned the basin as a "breadbasket" of the West.

The rest, Mr. President, is a matter of history, properly recorded in our Archives Building here, and recently I have had occasion to review the facts as they are contained in letters and other documents filed there.

In brief, Colonel Cody tried to interest American capital in the development of irrigation out there. This was before the formation of the Bureau of Reclamation as we now know it.

Then—and I quote from page 64 of the New Reclamation Era of 1924—"Colonel Cody undertook one of the biggest private projects in the history of the United States back in the year of 1899."

On May 29, 1899, the Colonel and his associate, Mr. Nate Salsbury, acquired from the State of Wyoming a right to appropriate waters from the Shoshone River for the irrigation of 120,000 acres of land in the vicinity of what is now the town of Cody.

Owing to the magnitude of the enterprise, even though Cody and Salsbury had expended in excess of \$25,000 in maps and surveys, the two men were never able to carry it to completion.

Rather than see this great development die, Colonel Cody made several attempts to secure outside aid, but was unsuccessful, and so, in September 1902, he decided to relinquish his water rights of 120,000 acres to the Government, with the understanding that the Government would take this project and put water on the land.

The deal was made. Cody was to turn the water right back to the State. The State was to turn it over to the Federal Government, which it did, and construction of the dam and necessary drainage canals and works began.

Colonel Cody conferred several times with his close friend, President Theodore Roosevelt, relative to the project, and no doubt he had much to do with Theodore Roosevelt's deep interest in the development of the West.

The records disclose that on February 13, 1904, Cody for the sum of \$1 transferred to the Secretary of the Interior the right to appropriate water from the Shoshone River.

Thus we have the history of the Shoshone reclamation project with its accompanying dam and reservoir.

But let me for a few moments speak of the life of Colonel Cody. Colonel Cody was born in Scott County, Iowa, on February 26, 1846. He was only 15 years of age when he became one of the riders

of the Pony Express, and found the life clearly suited to his adventurous temperament. The whipping of the wind across his tanned face, the cries of the pursuing savages, the peculiar appeal of the great open spaces, all stirred within the breast of William Frederick Cody that something without which heroic souls are not born.

At the outbreak of the Civil War he was a Government scout, but desiring a yet more exciting life, in 1863 he enlisted in the Seventh Kansas Cavalry.

When the end of the war came Cody found himself without a job. Then it was that he contracted with the Kansas Pacific Railroad to furnish buffalo meat to its laborers who were engaged in constructing the line across the plains in the year 1867. There were 1,500 men for whom meat had to be supplied and the task was no light one. Cody took the job for the then fabulous wage of \$500 a month. It was necessary to kill at least 12 buffalo each day, for nothing but the hams and the humps were eaten. Cody made good. During the 17 months he hunted on this contract he actually killed 4,280 buffalo, and thus earned for himself the title of "Buffalo Bill." Cody once told me that the greatest number of buffalo he ever killed on any one day was 132.

At the conclusion of the buffalo-meat contract Cody again joined the Army as a scout, and remained with the Regulars until 1872, in which year he was elected to the Nebraska Legislature. However, in the year 1876, when the terrible Sioux war broke out, we find him again in the Army as a scout and assigned to the crack Fifth Cavalry.

The Sioux gave our Army its heaviest fighting since the days of the Civil War. The Sioux, led by fighters of great ability, proved foemen worthy of the steel of any troops in the world.

It was during this war that Cody had his famous hand to hand duel with Chief Yellow Hand, one of the bravest of the Cheyenne Indians.

He served during the entire war, and in 1883 he organized his wild west show. He died on January 10, 1917, and is buried on Lookout Mountain, 15 miles west of Denver, Colo.

I knew him, and I think perhaps some other Senators did, when he grew elderly and gray, riding a docile horse around the arena, shooting with a Winchester rifle and breaking glass balls thrown in the air by a helper. Did not this man with the gray imperial represent the day of romance and intriguing adventure? Was not this the bold scout who had met the Sioux and Cheyenne face to face, had rescued beleaguered immigrants, had conquered Chief Yellow Hand in a murderous duel, and on the wind-swept knolls of the far West had stood with his right hand shielding his eyes from the flaming sunset while his fierce gaze searched the plains for the approach of hostiles?

Buffalo Bill! Since childhood we have been wont to rank him with Richard, the Lionhearted; and Robin Hood. He was the stalwart hero of the far country—the hero of our boyish dreams. Grizzled old warrior of the plains! Courageous old Buffalo Bill, the last of the frontier scouts. His type has vanished, for the

conditions that produced it exist no more, and the former things have passed away. The West is won.

And so today, Mr. President, we celebrate the one hundredth anniversary of the birth of this great American.

POLICIES AND PRACTICES OF THE OFFICE OF PRICE ADMINISTRATION

Mr. LUCAS. Mr. President, when price-control legislation was reported favorably a few years ago by the Committee on Banking and Currency I did everything within my power to see that that proposed legislation was enacted into law. I have no regrets for supporting that measure. I see no reason at this time why I cannot continue to support price control, at least in the case of commodities and materials the supply of which is insufficient to meet the demand. In my opinion, everyone who was primarily interested in keeping down inflation believed that the basic principles of price control, as enacted by Congress, were proper at that time. But, Mr. President, what I am complaining about today is a condition which has confronted me since price control became the law of the land, and that is the enforcement of the provisions of the Price Control Act.

When OPA was first inaugurated I had occasion at numerous times to discuss the question of proper enforcement with Leon Henderson, the Director. I complained rather severely from time to time of the methods which were employed by certain OPA investigators in the field in Illinois. In my humble opinion, based upon the evidence which was presented, those complaints were justified; but nothing was ever done about them.

I undertake to say that our country has been built primarily upon good public relations, and I submit that no agency of the Government can continue long to have the popular support of the Congress and of the people unless it has a sound public relations program.

When Prentiss Brown became Director of the OPA following Mr. Henderson, I discussed this same question with him. As a United States Senator he had piloted the price-control bill through this branch of the Congress, and he thoroughly understood what I was talking about. He did not remain in office sufficiently long to correct the existing evils in administration. His successor, Mr. Bowles, has made little or no progress along that line; and it strikes me that the best thing that could happen to OPA even at this late date, would be for it to establish a school of its own for the purpose of selling to itself a sound public-relations program.

Why do I say that? I dislike very much to discuss this question, because I am a believer in the basic and fundamental principles of the OPA legislation. I have received many complaints from the people of my own State who are familiar with what is going on. Persons of high repute and unimpeachable integrity have brought to my attention certain facts which no individual who has the best interests of the public in mind can overlook.

I should like to read to the Senate one of the most remarkable and far-reaching

directives that has ever been handed down by any agency of the Government. It is dated November 26, 1945. It was issued by the Price Administration regional office in the city of Chicago. This is the directive which went to various OPA directors throughout the region of which Chicago is the center. All State directors in that region received this directive, and it was passed on to the investigators who had the duty of taking proper action.

This is what the directive says:

Prompt action must be taken on every report submitted from the field. Treble damage open-end complaints should be filed "within 48 hours of the investigation," as indicated by our publicity.

Mr. President, the treble damage statute was abused and misused during wartime, when most people were too patriotic to complain, and it is still being abused and misused in time of peace.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. LUCAS. I shall be glad to yield in a moment.

Sometimes I feel that the Congress of the United States should take some kind of direct action with respect to the statute which permits an agency of the Government, upon a flimsy pretext, as is suggested in the first two lines of this directive, to file a treble-damage suit against the most innocent kind of a violator.

I now yield to the Senator from Iowa. Mr. HICKENLOOPER. Mr. President, I congratulate the Senator from Illinois on his present realization of the evils of OPA. I recall that last May the conditions to which he refers were pointed out repeatedly on the floor of the Senate. Predictions were made that just these results would occur unless certain forceful and sensible corrections were made at that time. I believe that at that time the Senator from Illinois took violent issue with that position. I am glad to see that he now realizes that OPA has some frailties and that some correction is needed.

Mr. LUCAS. The Senator from Iowa has not followed very closely the record of the Senator from Illinois. I have always defended the basic principles of price control, and do today. If the Senator had followed my record carefully he would know that I have previously spoken on the floor of the Senate against certain practices on the part of the enforcement agency of this particular branch of government which I believed were subject to condemnation. It may be that the Senator remembers that I did defend the OPA from a basic viewpoint. I did so before the Committee on Agriculture and Forestry, and I did so on the floor of the Senate. However, as I have stated today, from the beginning I have conferred with the Administrators in charge—Henderson, Brown, and Bowles—in an attempt, in my limited way, to point out to those men the damage that was being done to good public relations throughout the country as a result of the type of enforcement which was being used.

Mr. HICKENLOOPER. Mr. President, will the Senator further yield?

Mr. LUCAS. I yield.

Mr. HICKENLOOPER. I do not wish to misinterpret the Senator's previous attitude or his present attitude. So far as my attitude is concerned, I have always believed that in wartime and for a reasonable period after the war, during reconversion, price control was essential. I merely wish to say that if the Senator believes that there are certain administrative practices which should be changed in the interest of reconversion I certainly am willing to join him. I have been on that side of the question for more than a year.

Mr. LUCAS. Mr. President, I desire now to proceed with this unusual order. If Senators will permit me, I should like to proceed in chronological order, without interruption—not that I do not like to yield to my colleagues, because I rather enjoy it.

The directive further states:

Attorneys will, of course, make the usual analysis of the reports to ascertain whether there is a sound cause of action. The suits should be filed consecutively as reports come in and not by mass filings. The newspapers should be advised daily of the names of the defendants and the nature of the violations.

The attorney should prepare and mimeograph form complaints. A safe number to reproduce is the sum of the number of investigators multiplied by 180. A suggested form for use in the Federal courts is attached. However, the advisability of filing cases under this program in the State courts should be considered. See section 6, part I, of Revised Enforcement Instruction No. 7.

If any reports indicate that a retailer has failed to prepare and file his pricing charts, the matter should be handled in the usual way by mandatory injunction. Note, however, that this is not a filing drive, but a program to determine compliance with pricing provisions.

This is one of the most important paragraphs in the directive, to which I take serious exception—

Attorneys should postpone all conferences with violators until after the suit is filed. Prior notice to retailers of the filing of the suit is not necessary and is not recommended.

Mr. President, that is not in accord with what is best for stable and orderly government in dealing with a most difficult and intricate question such as price control.

In other words, they tell the agents in the field that once they find a violation of a law, whether it be a willful or an innocent violation, they should not talk with the individual who has committed the violation, but should go back to the office, confer with a lawyer, immediately file suit, and bring the individual concerned into court, without notice. They also direct that the violation be sent to the local newspapers for publication. Remember, they are dealing with a citizen who has never violated the law in his life, who has over a period of many years established a reputation for honesty and fair dealing with the public. Yet, lo and behold, he wakes up one morning and finds himself involved in a case that is being tried in the newspapers as well as in the courts. His business is damaged; his reputation is impaired. Mr. President, once a matter of that kind gets into the court or into the newspapers, there is no way that the damage which has been done can ever be repaired. So I am complaining bitterly

about that type of procedure. It is the very thing that is making it more and more difficult for Members of the Senate of the United States to go along with a program of this kind, although they fully realize the need and the justification for price control.

I read further from the directive:

There is no need to rush into an early adjustment of the case.

Mr. President, I wonder why.

I read further:

The basis for adjustment should be a certified self-audit covering all categories under MPR 580 and RMPR 330 sold by the retailer during the period October 1 to 15, 1945, inclusive, for \$1 or more. This finding should then be projected for a 12-month period (from May 15, 1945, for MPR 580).

Just think of that. In other words, if they find a man guilty of an offense between those particular dates, they should project the damages over a period of 12 months. Mr. President, that is the most unreasonable assumption I have ever heard of in a democracy.

I read further from the directive:

Settlement may be made for this amount, i. e., single damages, but the case may not be settled for less than single without prior approval of the regional office.

Here is another:

Please note: No cases may be settled by office conferences. Suits must be filed in each instance.

Mr. President, I cannot understand such a procedure. If an investigator goes into a store which has a clean, honest record and finds that a violation has occurred, certainly the investigator or the price board, or those in authority in that county or community, should have the power to make a settlement with the owner or manager of the store when the alleged violation is pointed out to him and when he realizes that a violation has occurred—although it was a mistake, and an honest mistake, upon his part.

Then we find in the directive the following:

Since our drive can reach only a minute portion of retailers subject to MPR 330 and MPR 580, our prime purpose is to file a great number of lawsuits so that the attendant publicity will effectually strengthen future compliance.

Mr. President, I do not believe that is the proper way to proceed. If the Congress of the United States will not appropriate a sufficient amount of money to enable the OPA to send out a sufficient number of investigators in order to secure compliance, the OPA should not take upon itself the responsibility of filing lawsuits—the greatest number possible—in order to obtain the greatest amount of publicity as a deterrent to others in that community or in that part of the country as a means of preventing violations of the law.

I read further from the directive:

So, for the purpose of obtaining mass sanctions under this program—

Listen to this—

we feel that the extent of violations or good faith of the subject are material, so long as a cause of action is discovered.

One of the problems which have arisen in some districts has been the number of reports turned in by investigators with total

overcharges so trivial that the section chief is reluctant to file suit thereon. Since our drive can reach only a minute portion of retailers subject to MPR 330 and MPR 580, our prime purpose is to file a great number of lawsuits so that the attendant publicity will do our work for us.

Notwithstanding that the investigators report minor infractions, nevertheless a lawsuit will be filed.

I read further:

Therefore, the accumulation of violation cases when filing suit is not a satisfactory result. Furthermore, the investigation under this program is so limited (both as to items checked and the period covered) that we can usually assume that total unrevealed overcharges are very substantial.

That assumption is to be made upon the basis of one spot check and investigation. If they find that one violation has occurred, then they will assume that over a period of time the person concerned has been guilty of numerous violations.

The directive further says:

In view of the foregoing, we should like to see suits filed on practically every violation case.

Mr. President, I could not believe my eyes when I was handed that directive. I immediately wrote to Mr. Fields, the counsel for the OPA. My letter is dated December 12, 1945, and in it I merely said:

I am herewith enclosing a directive which comes out of the Chicago office. I do not believe that you subscribe to everything that is in this unusual memorandum. Will you advise me, and oblige?

On February 11, I received the following reply:

OFFICE OF PRICE ADMINISTRATION,
Washington, D. C., February 11, 1946.
The Honorable SCOTT W. LUCAS,

United States Senate.

DEAR SENATOR LUCAS: This is in response to your letter of December 12, addressed to Mr. Richard H. Field, general counsel. I trust you will forgive the delay which was caused by the need to secure certain additional information from the Chicago regional office.

The extract to which you refer, with the exception of the last three paragraphs, is based on instructions issued to the district offices by the Chicago regional administrator after approved by his regional executives for enforcement, information, price, and board management. The program was scheduled to occupy 3 weeks, and concentrated on two major retail apparel regulations, namely, RMPR 330 and MPR 580.

But Mr. President, notwithstanding the statement that it was presumed to go on for 3 weeks, I will show the Senate that in certain sections of my State it is still going on.

I read further from the letter:

The last three paragraphs of the extract are from a letter from the Regional Enforcement Chief to the district enforcement chiefs handling apparel.

Both of these regulations establish ceilings by providing for the use of a retailer's individual historic mark-up, which is shown in the "pricing chart" filed by the retailer with OPA. The regulations thus allow each retailer to continue his customary pricing basic, with ceilings determinable by ready calculation. In addition, the regulations have been extensively publicized. It is generally agreed that there is particularly little

excuse for retailers to violate these regulations.

Our Chicago regional office reports that as the result of a price panel survey made last summer, it was revealed that the apparel retailers showed a surprising and distressing lack of compliance under MPR 580. These were not merely occasional mistakes, but a wide-spread negligence and indifference. In the Chicago region the survey covered 24,000 stores out of an estimated total of 28,000. Of those visited, only about 42 percent were found in full compliance.

Mr. President, 42 percent in full compliance with the rules and regulations which are issued in the OPA office is, in the humble opinion of the Senator from Illinois, an excellent record. However, I do not believe that the remaining 58 percent or any material portion of that percentage of merchants in the State of Illinois are willfully violating the law.

In the face of this showing, coupled with the known serious inflation in apparel, the Chicago regional office felt that there was need for an extensive, hard-hitting enforcement program.

Because of manpower limitations, it was obviously impossible to check thoroughly even a large percentage of the apparel retail outlets within a short time.

That is one of the difficulties, Mr. President, and if there is any blame to be attached for the law not being properly enforced, it is to be attached to the Congress of the United States because it has not appropriated a sufficient amount of money. But no OPA director or administrator should devise any methods of making possible the enforcement of the OPA law other than those which are legally available to him. In other words, he should use only the working tools which the Congress has furnished him, and nothing more.

The price panel survey was aimed at ascertaining a retailer's general state of compliance and operations under the regulations, not at proving violations on specific sales to be the basis for enforcement actions. It was felt, and again we believe properly, that with the limited manpower and time available, effectiveness in obtaining general compliance could be achieved only by eliminating time-consuming steps between discovery of violation and sanction action, by limiting investigation to sales of relatively few items in a comparatively short period rather than attempting to cover a full year's sales of all items, and by attempting to obtain full publicity for its deterrent effect on stores not investigated.

In other words, the discrimination which exists as a result of this type of enforcement stands out, it seems to me, in a way which I must condemn.

The enforcement survey did disclose extensive violations which were made the subject of suits. Practically all these cases have been or are being settled by agreement. It is believed, too, that the survey did have a great effect in stopping violations which were a daily drain on consumers' income.

Numerous communications were received by the participating offices from consumers in Illinois and the other States in our Chicago region, which either expressed gratification at the steps taken in their protection or requested additional investigations of retailers complained against.

It is the general policy of OPA enforcement that in most cases of violation our district offices shall give notice prior to filing suit. However, our own statement of policy does recognize that there may be circumstances where the necessity for speed and wide

coverage is such as to justify dispensing with any steps which might slow up the process of securing timely compliance.

Mr. President, I am in total agreement with that statement. There is no reason for the OPA using any other tools for the enforcement of the law than those which have been furnished it by the Congress of the United States.

Under the foregoing circumstances, it does seem to me that the Chicago regional office had ample basis to conclude that the instant filing of lawsuits upon determination of violation was the only effective device to be used to meet a truly serious problem. I wish to assure you, however, that wherever we find that notice is not given and that the reason for failure to give notice is inadequate, it is our policy to correct any of our district offices that fail to comply with our basic instructions.

If you desire any further information, please let me know.

In accordance with your request, I am returning your enclosure.

Sincerely yours,

GEORGE MONCHARSH,

Deputy Administrator for Enforcement.

In other words, it is one of those "do and do not" letters which we frequently receive.

Mr. President, I am not blaming the OPA investigators. I am not condemning the directors in the field. I am placing the responsibility for this drastic directive upon the heads of the OPA in the regional office at Chicago, whose actions have been agreed to here in Washington, D. C.

What has happened as a result of this directive? Senators, please listen to the following. I am going to read part of a letter from a man who was a board chairman. He is a citizen of one of the most prominent counties in the State. I will not reveal his name. He states as follows:

The Office of Price Administration finally became so rotten that I resigned my chairmanship as of November 1, 1945, after serving from the beginning of the board. When the Office of Price Administration changed over to an enforcement agency I could not look my fellow citizens square in the face. I was faced with one of two propositions, either I must resign or lose all my business, so I therefore resigned. The inspector came in one day and started to ride me for not turning in claims of overcharge to the Federal Government. He said that I had not turned in any for the past 18 months to which I told him that we settled our claims by calling in both parties and working out an amicable agreement between them and I thought my records and the records in the district office would bear out my claim.

Mr. President, that is the American way of doing business—compromise and settlement. The only justification for filing a suit is in the case where the person is willfully, knowingly, and continuously violating the law.

I wish to read from another case. Here is a lady in Peoria, Ill., whom I have known for a long time. My wife has purchased women's apparel from her for a number of years. She is as fine a lady as there is in her section of the State. She is a fine business woman with a good reputation. What happened to her? She was brought into court without any knowledge whatsoever of violating the law, and without any notice. I wrote the following letter to the OPA

about her case. The letter was written on January 7, 1946, and is, in part, as follows:

The enclosed letter is of such importance that I thought you should read it. It is absolutely unbelievable that anybody in the OPA office would make this woman pay \$73.68 over a 25-cent error. These are the little things that are causing us no end of annoyance in Illinois. I do not blame the office here, but surely the public relations in matters of this kind could be improved.

In other words, before I received an answer to the first letter I wrote, I was under the impression that the OPA office in Washington did not understand what was taking place, but I now must change my mind.

I continue reading:

I happen to know this woman. I know of her integrity and honesty, and a simple error of this kind should have been corrected without a violation charge. Return this letter to me when you have finished with it and oblige.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. WHEELER. I wish to invite the attention of the Senator to a situation about which I learned while I was in Montana last summer.

Mr. WHERRY. Mr. President, will the Senator raise his voice a little so that we can hear him?

Mr. WHEELER. I was about to say that a restaurant keeper came to me while I was in Montana last summer and told me what the OPA had done to him. He said that he had bought some coffee cups, and because he was unable to obtain the regular-size cups he bought some which were a little bit smaller. A representative of the OPA came to see him and said, "You are violating the law. You used larger cups at one time and now you are using smaller cups." The restaurant keeper replied, "Well, these are the only ones I could get. If you will tell me where I can get some of the larger cups, I will be glad to buy them." In the meantime they had charged him with violating the law by using cups which were smaller than he had been previously using, and thereby cheating the customers.

Mr. President, I agree with what the Senator from Illinois has said. The conditions about which he complains is causing more annoyance to the small merchants and businessmen throughout in the United States, and particularly in my State, than anything else of which I know.

Mr. LUCAS. I agree with the Senator that it certainly is creating an unusual amount of disturbance and real annoyance, and much unrest. I just cannot understand it.

Mr. President, I wish to read what this lady in Peoria wrote to me. This shows how the action of this agency affects people who have lived honest and decent lives, when they find themselves mentioned in the newspapers, with the Federal marshal on their trail to arrest them. This is a part of what she says:

The OPA checked prices in my shop on October 24. One week later, October 31, the enclosed article appeared in a Peoria newspaper.

It so happened that on this day I was in the beauty parlor and while I was under the dryer I asked for the paper. As I was reading, my eyes fell on the headline of OPA violators. Curiosity tempted me to read the article, only to find that my name headed the list. I had to read it three times before I could believe it. It made me so ill that I cried in distress, and three operators came running, thinking that I had been hurt.

That is typical of what a suit of this kind does to people who are honorable and fair and upright in their business dealings, as is Mrs. Schlupf, who runs the Band Box Dress Shop in Peoria, and has been a responsible businesswoman for many years.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. WHEELER. Another case came to my attention. It was said that in one town where the OPA sent investigators, in one store—a very reputable store, of which I know—they found one article marked up 1 cent, as I recall the amount. Then they went around to every other store and checked up on every article, and if they found a minor article that was 1 cent or half a cent out of line, they summoned the proprietor and were about to prosecute, or at least they played the matter up in the newspapers to wreck his business.

Mr. LUCAS. I am glad the Senator mentioned that, because I wish now to read a letter from a very close friend of mine, who is the head of one of the price boards in Illinois, and the letter deals with that very question.

The letter is dated February 21, 1946, addressed to me. It is a letter that broke the camel's back, so far as I was concerned, in regard to this question. I read the letter:

DEAR FRIEND SCOTT: As you perhaps know, I have been chairman of our local war price and rationing board, now the price control board, for over 4 years, and together with my board members, chief clerk, and her staff, we have, we believe, built up a good reputation here for honesty, impartiality, and good will.

We have been very much disturbed recently because of the manner of making surveys by personnel from the district office. According to reports received the district investigators go into the place of business of the merchant and proceed to investigate prices and refuse to disclose the authority under which they are working. This, it seems to me, is very un-American.

This man writing me happens to be one of the outstanding citizens of Illinois.

Another matter which disturbs us very much is under our survey. If one of our surveyors finds an overcharge of 1 cent on some article which has been erroneously marked by some clerk and of which marking the owner is not aware, we are required to process an Administrator's claim against him, regardless of his intention in the matter and even if it is only his first offense.

Mr. President, can that be going on in this country? It is almost unbelievable.

Mr. WHEELER. Will the Senator further yield?

Mr. LUCAS. I yield.

Mr. WHEELER. One merchant who, by the way, is a Democrat, one of the outstanding merchants and one of the

most honorable merchants in the particular locality I was visiting, told me the investigators went all through his place, checked up on every little article, and if they happened to find one article that was marked a cent over, about which he did not know anything, they did to him exactly what the Senator's correspondent complains of.

Mr. LUCAS. Again referring to the letter, this gentleman further says—

We do not think that is American and we never have been required to do this until after the first of January of this year.

In other words, here is a new procedure, in my section of the country, starting January 1 of this year.

Prior to this new change if we found an error unintentionally made we corrected it and the merchant was always very glad to cooperate. But now if we find an error of 1 cent we must process a claim for \$25 at least, which is the minimum Administrator's claim. We have always tried to give the merchant the benefit of the doubt as to the first offense, but if he repeats it we think it is proper that the Administrator's claim be processed.

Of course, that is the reasonable and fair way in which to operate. That is the American way.

Our entire board and personnel are in favor of price control—

I repeat, "Our entire board and personnel are in favor of price control"—

and think it should continue until such time as production is sufficient to prevent inflation but we definitely do not believe in Gestapo methods in securing compliance. The merchants of this city are practically 100 percent in favor of price control and are endeavoring to cooperate with the program but quite a little dissension is being caused by the practice of some of the district investigators.

He proceeds then to speak of the man who is the district director, and who he hopes will be able to adjust the differences.

Mr. President, the men who are out in the field in charge of these boards cannot be wrong in their analysis as given to me in their messages.

I have only another word to say in conclusion. The President of the United States has appointed a new man as Administrator of the Office of Price Administration, Mr. Paul Porter, an individual whom I personally know, and for whose ability, judgment, and dealings with his fellow men I have a tremendous amount of respect. It would be well for Paul Porter to investigate the enforcement agency of the OPA and call in the gentlemen who are responsible for making asinine and ridiculous regulations of the kind I have read, and admonish them that they either must change their ways or else. As I said in the beginning, now is the time to establish a school of public relations in the OPA.

Mr. President, these methods cannot continue. This type of enforcement of the price control law is making real enforcement more difficult all the time. It is a law which in my humble opinion has been of tremendous benefit to the consumers of America. It has kept down inflation over the years. It is charged in peacetime with protecting the pur-

chasing power of the consumer dollar. This is a noble objective, but it cannot be done in this irregular way. It must be accomplished through friendly and courteous dealing. All that is necessary is to invoke the American ordinary, common sense procedure in the adjustment of everyday public relations.

Mr. WHERRY. Mr. President, I take this opportunity to thank the distinguished Senator from Illinois for the statement he has just made relative to the enforcement program of OPA. I am quite sure that what has happened in Illinois has generally happened in many other States of the Union. This is a matter for consideration by the United States Senate, because when the enforcement officers have gone into the different communities to enforce the law they have repeatedly stated that they were enforcing the will of Congress, and that Congress is responsible for the program and the policies of the Office of Price Administration in its enforcement of the law. I feel that that question should be brought before the Senate.

Inasmuch as the distinguished President of the Senate is now in the chair, and inasmuch as several members of the Committee on Appropriations are present, I should like to call their attention to the fact that the able presentation made by the distinguished Senator from Illinois, of the difficulties experienced in connection with enforcement in Illinois, only emphasizes the testimony relative to continuance of OPA which was adduced in the hearings held in the past few days by the subcommittee of the Committee on Appropriations having in charge the deficiency bill which will be considered on the floor of the Senate tomorrow. Approximately one-half of the funds provided in that measure for OPA are for law enforcement.

The PRESIDENT pro tempore. The Chair will state to the Senator from Nebraska that he has already called to the attention of the distinguished Senator from Illinois the printed record in connection with the deficiency appropriation bill, and the Senator now has it.

Mr. WHERRY. I thank the President of the Senate for that statement. I was at a loss, however, to find an amendment in the bill which we will consider tomorrow, which would correct in any way the evils which were so forcefully described by the distinguished Senator from Illinois. I, too, want law enforcement when the law should be enforced. But since cases are brought against individuals when there is no willful violation of the law, certainly something should be done to give such alleged violators the protection they need. So in committee the appropriation requested was cut in two, because we felt that additional enforcement officers should not be added at this time. We felt that was the only way to reach that matter. Possibly that is not the right way to approach the situation, but that issue will confront the Senate tomorrow. I wish to say that I will go along with any suggested amendment which will remedy the present situation, so that when the law is enforced by the OPA enforcement officers the will of Congress shall be carried out, and that no

gestapo methods shall be used in enforcing the law.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. WILEY. The Senator was in the Senate Chamber today when I spoke on this subject. I want to ask him if there has been any amendment under consideration which would make it mandatory upon OPA, when it fixes the price of manufactured articles, to provide for at least the cost of the articles, taking into consideration the appreciation in cost of materials and the appreciation in wage payments since 1939?

Mr. WHERRY. Mr. President, in answer to that question I will state that there is no amendment that I know of except the one which was offered in the Small Business Committee early in the session this year, which proposes that no maximum ceiling price be set which does not yield the traditional percentage-wise mark-up based on current costs. But that amendment has not been acted upon by the committee, it is still in the committee, and hearings have not been held upon it.

So we come back to the original act itself. The original act provides that the Price Stabilization Administrator shall not set a maximum price which changes business practices or which does not yield to the farmer parity based on the relationship between agricultural costs and industrial costs, as set forth in the act, and which does not yield a profit to industry. The only chance of getting that profit is to make application under what was formerly known as the Little Steel formula, and which last August was superseded by the new price formula issued by President Truman, which provided for an increase in wages but ignored industry except that it might come back in 6 months and ask for relief, which formula was amended in February of this year by the President to permit industry to get relief immediately.

The difficulty with that wage and price formula issued by the President is that as a requisite for a business to be able even to apply for relief it must be shown that the profits of the particular business are below the profits made in the base period of 1936 to 1939. So I can say to the distinguished Senator from Wisconsin that there is no amendment pending, and there is no relief suggested outside of what has been suggested by the President, which I think gives very limited, if any, relief toward securing increased prices when there is an increase in wages or an increase in current costs. That is an issue which is before the Congress and an issue which we must meet if and when the Price Stabilization Act is extended.

Mr. WILEY. Mr. President, will the Senator yield further?

Mr. WHERRY. I yield.

Mr. WILEY. I have heard the Senator from Nebraska say on the Senate floor, as have many other Senators, that today the imperative need of America is production. If we are to get production, we must, by reason of the road block that exists in OPA, provide legislative machinery so that factories will not close

and laborers will not be thrown out of employment. That is the most important domestic issue before America at the present time. It seems to me that the committee which deals with this subject, whether it be the Committee on Banking and Currency or some other committee, should devote itself entirely to finding a solution for that problem.

In my own State, and I know the statement is true as to other States, great numbers of industries have been hoping and praying that Congress will have sufficient wisdom to interfere with what the Senator from Nebraska has called the Gestapo methods of OPA.

Some industries have been holding on with considerable difficulty. I cited one instance today of a little company, with total assets of \$650,000, which has been losing \$50,000 a month since last September. The owner of that company said to me the other day—and I could see the discouragement in his eyes—"I have been applying to OPA for relief. I have been put off and put off month after month." He said, "One can never find the officials in the office of OPA on Saturday. When one goes there to see a certain official he is turned over to someone else, and the result is he gets nowhere."

Again we have heard it said, Mr. President, in relation to strikes, that the public interest is important. I say that the public interest in the matter of production is important, and unless Congress senses that, and finds a solution for the problem, we will find the small companies closing their doors, because they cannot continue to "take it" any longer. We will find unemployment increasing; we will find a multiplication of problems which we could easily solve now if we definitely provided by law, as has been suggested, that when OPA is applied to for relief, OPA must immediately take action, and must see to it that the increases in wages and the increases in the cost of materials which have come about because of the war must be taken into consideration and constructive action taken immediately.

Mr. WHERRY. Mr. President, I wish to make a further observation in respect to the statement just made by the distinguished Senator from Wisconsin. He, of course, is talking about the administration of OPA. I agree wholeheartedly with what he has said. I feel that production is paramount to prices, and that if we are to stop inflation, we simply must have maximum production.

I should like to refer the Senator, if he did not hear it, or if he has not previously read it, to the speech delivered recently in the Senate by the able Senator from Ohio [Mr. TAFT] in which he went into all the phases of this situation, including, I think, even the suggestions of control, and the entire program of the administration of OPA. I trust everyone will read the speech of the Senator from Ohio because when the question comes up for consideration in the Senate, if we are to extend the controls, certainly it must be done on a certain definite basis, which will assure production, otherwise we would be better off without controls.

I wanted to address myself now to the remarks made by the distinguished Senator from Illinois relative to the enforcement by OPA. That situation has become critical throughout the country. I wanted to emphasize the fact that when the deficiency appropriation bill comes to the floor for consideration tomorrow, the very timely remarks made by the senior Senator from Illinois should be considered in connection with our consideration of that appropriation measure.

HOUSING CONSTRUCTION

Mr. ELLENDER. Mr. President, I move that the Senate at this time proceed to the consideration of Calendar No. 995, Senate bill 1821, to amend section 502 of the act entitled "An act to expedite the provisions of housing in connection with national defense and for other purposes."

Mr. WHITE. I did not hear the Senator. To what bill is he referring?

Mr. ELLENDER. To Senate bill 1821.

Mr. WHITE. Is it the housing bill?

Mr. ELLENDER. Yes, a bill to provide an authorization for temporary housing.

Mr. WHITE. I had understood that a bill from the Committee on Banking and Currency was to be considered.

Mr. ELLENDER. This is the bill which it was intended would be considered today. In filing the report from the committee, I indicated I would move its consideration at the first opportunity.

Mr. WHITE. I understood that a bill in which the majority leader was interested would be brought up. Has that arrangement been changed?

Mr. ELLENDER. I do not know about that, but I do know that arrangements were made Friday taking up the housing bill this morning.

Mr. HILL. Is the Senator from Maine satisfied?

Mr. WHITE. I am satisfied.

Mr. HILL. It was understood that the housing bill was to be taken up, and immediately following action on that bill, then the school-lunch bill, in charge of the Senator from Georgia [Mr. RUSSELL], was to be taken up.

Mr. ELLENDER. That is correct.

Mr. RUSSELL. I shall endeavor to have the school-lunch bill considered following the one in which the Senator from Louisiana is interested.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Louisiana.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 1821) to amend section 502 of the act entitled "An act to expedite the provisions of housing in connection with national defense and for other purposes," which had been reported from the Committee on Education and Labor with an amendment to strike out all after the enacting clause and to insert:

That section 502 of the act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes," approved October 14, 1940, as amended (42 U. S. C. 1521), is hereby amended as follows:

(1) By striking out the figure "\$160,000,000" in subsection (a) thereof and in-

serting in lieu thereof the figure "\$410,000,000"; and

(2) By adding after subsection (c) thereof the following new subsections:

"(d) Upon approval of an application, made by any educational institution, State or political subdivision thereof, local public agency, or nonprofit organization, for temporary housing for the purposes of this title, the National Housing Administrator, if he determines that such action will aid in expediting the provision of such temporary housing, may—

"(1) Transfer hereunder to the applicant structures or facilities necessary or suitable to provide such temporary housing; and

"(2) Contract to reimburse the applicant (including the making of advances) for the cost, as certified by the applicant and approved by the Administrator, in the relocation or conversion (including the costs of disassembling, transporting, and erecting structures and facilities, and connecting utilities from dwellings to mains, but not including the costs of site acquisition and preparation, or the installation of streets and utility mains) of such temporary housing and facilities.

"(e) The term 'administrative expenses,' as used in this title V, shall be deemed to include administrative expenses of the National Housing Agency in performing any functions with respect to priorities or allocations of materials or equipment for public or private housing, and of the Housing Expediter (including those of any Government agencies in carrying out part of the authorized veterans' emergency housing program of the Housing Expediter, to the extent that additional administrative expenses of such agencies are thereby involved) in performing any functions with respect to facilitating the provision of veterans' housing."

Mr. ELLENDER. Mr. President, it is understood that my motion to take up the bill will not displace the appropriation bill which was ordered to be the unfinished business for tomorrow.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ELLENDER. Mr. President, this bill received the unanimous approval of the Committee on Education and Labor. It will be recalled that during the closing days of the first session of the present Congress we authorized an appropriation of \$160,000,000 so as to provide for 100,000 temporary housing units for distressed veterans and their families. The purpose of the pending bill is to authorize a further appropriation amounting to \$250,000,000, so as to provide additional temporary dwelling units for our returning veterans and their families.

To illustrate the critical need for this emergency legislation, let me say that soon after the bill authorizing \$160,000,000 was signed by the President, within the space of 30 days, 331,000 units were applied for by 557 local governments and 889 educational institutions. The Administrator of the National Housing Authority appeared before the committee a few days ago and stated that of the first 100,000 units which were authorized, 3,000 had been completed in the first month and 74,360 had been processed.

It goes without saying that this bill should be enacted at once. Personally, I do not like the idea of providing temporary homes for our returning veterans, but there are now many without a place in which to live, and it is our duty to help, even if only on a temporary basis. On

the other hand, in order to conform with the provisions of the GI bill granting GI's the right to go to college, it is necessary that provision be made at once for necessary quarters for all of those who are taking advantage of more schooling. It is my hope that the bill will be enacted without delay.

Two amendments have been suggested to the bill: One providing that after an allocation is made to a college or to a municipality a contract may thereafter be entered into by the Authority, providing that the college shall have the right to remove such dwelling units as may have been allocated to it, on condition that the actual cost of removal shall be reimbursed by the Authority.

The second amendment has to do with the utilization of other agencies of Government, such as the Civilian Production Administration and the War Production Board, in providing for priorities and allocation of materials. This amendment gives the Administrator the authority to use money set aside for administrative purposes so as to pay such employees as may be engaged by those agencies in obtaining priorities and allocation of materials in order to facilitate this work.

That is about all the bill contains. I hope that the Senate will enact it.

I ask unanimous consent that there be printed in the RECORD at this point as a part of my remarks a summary of the statement by Mr. Wilson W. Wyatt, National Housing Administrator, before the Senate Committee on Education and Labor on February 15, 1946.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

Maximum use of the Federal Government's own housing resources is an integral part of the veterans emergency housing program which we are now carrying into action with maximum possible speed.

The legislation introduced by Senator MEAD and by Congressman LANHAM in the House to authorize the appropriation of \$250,000,000 additional funds to finance the moving and reuse of temporary war housing, barracks, and other emergency facilities for exclusive use by veterans and their families is urgently needed to move ahead with that program.

These funds would enable the National Housing Agency to provide approximately 100,000 additional emergency dwellings, primarily through conversion of barracks into livable family quarters. Surveys by NHA and the War and Navy Departments have shown that sufficient barracks will become surplus during the near future to provide the facilities for the bulk of this further reuse program.

The critical need for additional emergency housing of this type is shown by the experience under the initial reuse program of 100,000 units now going forward under legislation and appropriations approved on December 31. Applications for this housing already exceed 331,000 units, or over 3 times more than can be supplied under the existing appropriation. A total of 557 local governments have applied for 191,000 units, while 889 educational institutions have applied for 140,000 units.

This additional appropriation of \$250,000,000 will be needed promptly to help meet our target of starting 1,200,000 houses for veterans in 1946. That target includes 200,000 units through reuse of temporary housing and barracks, of which 100,000 can be undertaken only if this legislation is approved.

Reusing temporary housing and barracks is purely a stop-gap measure until sufficient permanent housing can be built to relieve the acute shortage. When that time comes, these temporary units should and will be removed from the housing supply.

As a stop-gap, however, this emergency housing can supply livable and decent shelter for veterans with relatively little outlay of new materials and labor. That fact is doubly important at a time when we are striving to use every resource to get materials and labor for the starting of 950,000 permanent houses for veterans in 1946.

Mr. TAFT. Mr. President, in December Congress appropriated \$190,000,000 for the construction of temporary housing for veterans at colleges and in cities and industrial locations. That was to cover the tearing down of temporary houses, moving them to other locations, and setting them up. In each case the college or the city must provide the land and facilities, public utilities, streets, water, and so forth; but apart from that, the houses are delivered to the university or the city, and are then rented to veterans—in the case of universities, to veterans who are students.

After 2 or 3 years the houses must be torn down. In the meantime the expenses are paid, and if there is anything left over the Federal Government gets the money back; but I do not believe there will be a great deal to come back in the way of excess rents.

I stated at the time of the previous appropriation that I disliked to vote for an appropriation of \$190,000,000 to be spent for housing which was purely temporary, which conceivably might last 5 years, but might be required for only 2 or 3 years. At the present time I dislike even more to vote for a further appropriation of \$250,000,000 for an additional 100,000 houses. In this case the cost per unit is greater. It is \$2,500, as compared with \$1,900. We have already used practically all the temporary houses, and the additional 100,000 units are to come from barracks and larger buildings owned by the Government, which must be torn down, and considerably more work must be done in converting them into residential units.

Nevertheless, there is a tremendous demand for such housing. The demand from colleges alone is for approximately 300,000 units. Many cities are also requesting them. We all know that many veterans are wholly unable to obtain homes. The advantage of this program is that it takes a very small amount of materials away from the construction of new houses from new materials. The materials involved in this case have already been used, and are all second-hand. The program requires a certain amount of labor to set the houses up again. As I say, I dislike to spend \$250,000,000 more for purely temporary housing, which will be entirely gone in another 2 or 3 years, but I do not see any alternative. The proposed program is certainly better than the program under which the Government would build new houses. It would not interfere with the development of the private building program. I believe that if we can take the edge off the demand, we may be able to reach the most serious cases of need and difficulty on the part of veterans who are

returning from the war and are unable to find places to sleep for themselves, their wives, and their children. So on the whole, I think the bill should be passed.

There is one amendment on page 3, which provides as follows:

(e) The term "administrative expenses," as used in this title V, shall be deemed to include administrative expenses of the National Housing Agency in performing any functions with respect to priorities or allocations of materials or equipment for public or private housing, and of the Housing Expediter (including those of any Government agencies in carrying out parts of the authorized veterans' emergency housing program of the Housing Expediter, to the extent that additional administrative expenses of such agencies are thereby involved) in performing any functions with respect to facilitating the provision of veterans' housing.

This is intended as an authorization for the expenditures of certain agencies, but as I see it it is not an authorization that an appropriation made to the Housing Administrator may be used by other agencies unless the Committee on Appropriations sees fit so to recommend, and the Congress provides the appropriation. I believe that it is a great mistake to make an appropriation and then say that the Government department which receives the appropriation may apportion it to other Government Departments. I believe that the other Government Departments ought to come to the Committee on Appropriations. I wish to make it clear that in agreeing to this amendment, to which I first objected, I regard it merely as an authorization, and that the Congress is free to appropriate money for the other agencies in such manner as it sees fit.

Mr. President, I believe that the provision for the additional 100,000 temporary units for colleges and cities is justified only by the obligation which we owe to the veterans. I hope that the appropriation will be nonrecurring, and that we may never have to make a similar appropriation in the future.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is before the Senate and open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 1821) was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to amend section 502 of the act entitled 'An act to expedite the provision of housing in connection with national defense, and for other purposes,' approved October 14, 1940, as amended, so as to authorize the appropriation of funds necessary to provide additional temporary housing units for distressed families of servicemen and for veterans and their families."

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had agreed to the report of the

committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 3603) to provide for the sale of surplus war-built vessels, and for other purposes.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

H. R. 129. An act to provide for the barring of certain claims by the United States in connection with Government checks and warrants;

H. R. 2284. An act to eliminate the practice by subcontractors, under cost-plus-a-fixed-fee or cost-reimbursable contracts of the United States, of paying fees or kick-backs, or of granting gifts or gratuities to employees of a cost-plus-a-fixed-fee or cost-reimbursable prime contractors or of higher tier subcontractors for the purpose of securing the award of subcontracts or orders;

H. R. 3580. An act to authorize municipalities and public utility districts in the Territory of Alaska to issue revenue bonds for public-works purposes;

H. R. 3603. An act to provide for the sale of surplus war-built vessels, and for other purposes; and

H. R. 4932. An act to amend section 9 of the Boulder Canyon Project Act, approved December 21, 1928.

SCHOOL-LUNCH PROGRAMS

Mr. RUSSELL. Mr. President, I move that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of Senate bill 962, Calendar No. 552.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (S. 962) to provide assistance to the States in the establishment, maintenance, operation, and expansion of school-lunch programs, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Georgia [Mr. RUSSELL].

Mr. TAFT. Mr. President, I have no objection to the motion of the Senator from Georgia, but I feel that the bill is of very great importance. There has not been an opportunity to examine the bill which the House passed only yesterday or the day before. There may be a number of important issues which have not been brought to the attention of the Senate, and it seems to me that if the debate is to continue and there is a request that the bill go over until tomorrow for final disposition, the Senator should be willing to agree to such request.

Mr. RUSSELL. Mr. President, I always endeavor to be agreeable, and considerate of my colleagues in all things. I should not like to make a definite commitment to have the bill go over until tomorrow. I do not believe that there are any essential differences between the House bill and the Senate measure which cannot be pointed out easily and clearly. Certainly if there is any bill with which the Senate should be familiar, it is the school-lunch-program bill. The same philosophy which is adopted in this bill has been in appropriation bills for 4 or 5 years. The program has been the subject of committee hearings, not only before the standing Committee on Agri-

culture and Forestry, but also before the Committee on Appropriations. There is very little in the pending bill which is new or which goes beyond the program that is in actual operation at the present time.

Mr. TAFT. As I read the bill, it authorizes an appropriation for all time to come of \$115,000,000 a year, which is a good deal more than Congress has ever appropriated for this purpose. I understand that the bill has been on the calendar for 6 or 8 months; but the very fact that it was there and nothing was done about it rather led all of us to neglect it for the time being, and not devote the study to it which we should have devoted. I feel confident that if during the course of the debate a request should be made to have the bill go over until tomorrow, the Senator will agree to it. I am only giving notice that I may make such a request.

Mr. RUSSELL. If we cannot clear up any difficulty about the measure, we can discuss that question a little later.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Georgia [Mr. RUSSELL] that the Senate proceed to the consideration of Senate bill 962.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Agriculture and Forestry, with amendments.

The PRESIDING OFFICER. The clerk will state the amendments reported by the committee.

The first amendment of the Committee on Agriculture and Forestry was, under the heading "Title I—Assistance in Providing Food—Appropriations Authorized," in section 101, on page 2, line 9, after the figures "June 30", to strike out "1946" and insert "1947"; and in line 14, after the word "title", to strike out "For the fiscal year ending June 30, 1946, the funds made available to the Secretary under the item entitled 'School-lunch program', Department of Agriculture Appropriation Act, 1946, are hereby made immediately available for carrying out the provisions of this title during such year.", so as to make the section read:

SEC. 101. For each fiscal year, beginning with the fiscal year ending June 30, 1947, there is hereby authorized to be appropriated, out of money in the Treasury not otherwise appropriated, such sums as may be necessary, not exceeding \$100,000,000, to enable the Secretary of Agriculture (hereinafter referred to as "the Secretary") to carry out the provisions of this title.

The amendment was agreed to.

The next amendment was, in section 104, on page 5, line 5, after the word "period", to strike out "1946" and insert "1947"; in line 21, after the word "section", to insert "and section 108 (d), respectively"; in line 24, after the word "certified", to insert "respectively"; in line 24, after the word "agency", to insert "and in case of schools receiving funds pursuant to section 108 (d), by such schools"; and on page 6, line 15, after the numerals "II", to insert "(and not withheld under sec. 108 (d))", so as to make the section read:

SEC. 104. (a) Funds apportioned to any State pursuant to section 102 during any

fiscal year shall be available for payment to such State for disbursement by the State educational agency, in accordance with such agreements not inconsistent with the provisions of this act, as may be entered into by the Secretary and such State educational agency, for the purpose of assisting schools of that State during such fiscal year, in supplying agricultural commodities and other foods for consumption by children in the school-lunch program under this title. Such payments to any State in any fiscal year during the period 1947 to 1950, inclusive, shall be made upon condition that each dollar thereof will be matched during such year by \$1 from sources within the State determined by the Secretary to have been expended in connection with the school-lunch program under this title. Such payments in any fiscal year during the period 1951 to 1955, inclusive, shall be made upon condition that each dollar thereof will be so matched by \$1.50; and for any fiscal year thereafter, such payments shall be made upon condition that each dollar will be so matched by \$3. In the case of any State whose per capita income is less than the per capita income of the United States, the matching required for any fiscal year shall be decreased by the percentage which the State per capita income is below the per capita income of the United States. For the purpose of determining whether the matching requirements of this section and section 108 (d) respectively, have been met, the reasonable value of donated services, supplies, facilities, and equipment as certified, respectively, by the State educational agency and in case of schools receiving funds pursuant to section 108 (d), by such schools (but not the cost or value of land, of the acquisition, construction, or alteration of buildings, of commodities donated by the Secretary, or of Federal contributions made pursuant to title I) may be regarded as funds from sources within the State expended in connection with the school-lunch program. The Secretary shall certify to the Secretary of the Treasury from time to time the amounts to be paid to any State under this section and the time or times such amounts are to be paid; and the Secretary of the Treasury shall pay to the State at the time or times fixed by the Secretary the amounts so certified.

(b) In the event that funds from sources within the State do not completely match, in accordance with the requirements of this act, the funds apportioned to the State under both titles I and II (and not withheld under sec. 108 (d)), the State educational agency may determine from time to time the application of funds from sources within the State against the matching requirements of the respective titles, except that funds from sources within the State used in connection with schools not participating in the school-lunch program under title I may not be used for matching funds under title I.

The amendment was agreed to.

The next amendment was, in section 108, on page 10, line 12, after the word "agency", to insert a semicolon and "and (4) 'nonprofit private school' means any private school exempt from income tax under section 101 (6) of the Internal Revenue Code, as amended."; and after line 15, to insert:

(d) If, in any State, the State educational agency is not permitted by law to disburse the funds paid to it under this title to nonprofit private schools in the State, or is not permitted by law to match Federal funds made available for use by such nonprofit private schools, the Secretary shall withhold from the funds apportioned to any such State under section 102 of this title the same proportion of the funds as the number of children between the ages of 5 and 17, inclusive, attending nonprofit private schools

within the State is of the total number of persons of those ages within the State attending school. The Secretary shall disburse the funds so withheld directly to the nonprofit private schools within said State for the same purposes and subject to the same conditions as are authorized or required with respect to the disbursements to schools within the State by the State educational agency including, but not restricted to, the requirement that any such payment or payments shall be matched, in the proportion specified in section 104 for such State, by funds from sources within the State expended by nonprofit private schools within the State participating in the school-lunch program under this title. Such funds shall not be considered a part of the funds constituting the matching funds under the terms of section 104 or section 202 (c).

So as to make the section read:

SEC. 108. (a) States, State educational agencies, and schools participating in the school-lunch program under this title shall keep such accounts and records as may be necessary to enable the Secretary to determine whether the provisions of this title are being complied with. Such accounts and records shall at all times be available for inspection and audit by representatives of the Secretary and shall be preserved for such period of time, not in excess of 5 years, as the Secretary determines is necessary.

(b) The Secretary shall incorporate, in his agreements with the State educational agencies, the express requirements under this title with respect to the operation of the school-lunch program under this title insofar as they may be applicable and such other provisions as in his opinion are reasonably necessary or appropriate to effectuate the purposes of this title.

(c) For the purposes of this title, (1) "Secretary of Agriculture," during the existence of the War Food Administration, shall mean the War Food Administrator; (2) "State" includes the District of Columbia, Territory of Hawaii, Puerto Rico, Alaska, and the Virgin Islands; and (3) "State educational agency" means, as the State legislature may determine, (a) the chief State school officer (such as the State superintendent of public instruction, commissioner of education, or similar officer), or (b) a board of education controlling the State department of education; except that in the District of Columbia it shall mean the Board of Education, and except that for the period ending June 30, 1947, "State educational agency" may mean any agency or agencies within the State designated by the Governor to carry out the functions herein required of a State educational agency; and (4) "nonprofit private school" means any private school exempt from income tax under section 101 (6) of the Internal Revenue Code, as amended.

(d) If, in any State, the State educational agency is not permitted by law to disburse the funds paid to it under this title to nonprofit private schools in the State, or is not permitted by law to match Federal funds made available for use by such nonprofit private schools, the Secretary shall withhold from the funds apportioned to any such State under section 102 of this title the same proportion of the funds as the number of children between the ages of 5 and 17, inclusive, attending nonprofit private schools within the State is of the total number of persons of those ages within the State attending school. The Secretary shall disburse the funds so withheld directly to the nonprofit private schools within said State for the same purposes and subject to the same conditions as are authorized or required with respect to the disbursements to schools within the State by the State educational agency including, but not restricted to, the requirement that any such payment or payments shall be matched, in the proportion specified in section 104 for such State, by

funds from sources within the State expended by nonprofit private schools within the State participating in the school-lunch program under this title. Such funds shall not be considered a part of the funds constituting the matching funds under the terms of section 104 or section 202 (c).

The amendment was agreed to.

The next amendment was, under the heading "Title II—Assistance in providing nutrition education and school-lunch facilities, appropriations authorized," in section 201, on page 11, line 20, after "June 30", to strike out "1946" and insert "1947", so as to make the section read:

SEC. 201. For each fiscal year, beginning with the fiscal year ending June 30, 1947, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary, not exceeding \$15,000,000, to enable the United States Commission of Education (hereinafter referred to as the "Commissioner"), under the supervision and direction of the Federal Security Administrator, to carry out the provisions of this title.

The amendment was agreed to.

The next amendment was, in section 202, on page 13, at the beginning of line 11, to strike out "used; excluding", and insert "used, not counting funds excluded from section 104 by the last sentence of section 108 (d) and"; and in line 17, after "July 1," to strike out "1945" and insert "1946", so as to make the section read:

APPORTIONMENT AND PAYMENT TO STATES

SEC. 202. (a) The Commissioner shall apportion among the States during each fiscal year the funds appropriated for such year for carrying out the provisions of this title, less not to exceed \$175,000 thereof hereby made available to enable the Commissioner to carry out his functions under this title. Such apportionment shall be made in accordance with the provisions of section 102 governing the initial apportionment of funds to the States under title I, except that the apportionment to any State under this title shall not be less than \$10,000, and except that the apportionment of funds for use in Alaska, Territory of Hawaii, Puerto Rico, and the Virgin Islands shall not exceed \$450,000.

(b) From the funds apportioned to it under subsection (a) for a fiscal year, each State having a plan approved under this title shall be entitled to be paid an amount, limited as provided in subsection (c), which shall be used by the State educational agency, either directly or through grants to schools and school systems, to establish, maintain, operate, and expand school-lunch programs, to provide related nutrition education, and to provide and train technical and supervisory personnel and to provide equipment and facilities for such programs; except that such funds may not be used for the acquisition, construction, or alteration of buildings or for the purchase of land or food.

(c) Funds apportioned to a State pursuant to subsection (a) during any fiscal year shall be available for payment to the State only upon condition that such funds will be matched during such year, in the proportion specified in section 104 for such State for such year, by expenditures from sources within the State which are either expenditures specified in section 104 (a) or expenditures for the purposes for which funds paid to the State under this title may be used, not counting funds excluded from section 104 by the last sentence of section 108 (d) and expenditures which the State educational agency has applied against the matching requirements of section 104.

(d) The amount to which each State is entitled under subsection (b) for each quarter, beginning with the quarter commencing July 1, 1946, shall be computed and paid in the following manner:

The Commissioner shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (b). He shall then certify to the Secretary of the Treasury the amount so estimated, reduced or increased as the case may be, by any sum by which he finds that his estimate for any prior quarter was greater or less than the amount which the State was entitled to be paid for such quarter. Upon receipt of such certification the Secretary of the Treasury shall, prior to audit or settlement by the General Accounting Office, pay in accordance with such certification from the funds apportioned to such State under subsection (a).

The amendment was agreed to.

THE PRESIDING OFFICER. That completes the committee amendments. The bill is open to further amendment.

Mr. RUSSELL. Mr. President, I desire to make a brief statement with respect to the bill. As I stated a few moments ago, the subject matter of this bill is not new; it deals with a program which has been in effect for 10 years. There is nothing new in title I of the bill. It undertakes to enact definitive legislation of a permanent nature carrying on a school-lunch program similar to that which has been in effect for a number of years. It is a product of the experience which we have had in dealing with this program. It provides for legislative standards which will enable the schools of this Nation to know where they stand with respect to the program. Heretofore there have been schools which have hesitated to install school-lunch programs on account of the fact that the program was on a hand-to-mouth, year-to-year basis, and those who were charged with responsibility for operation of the schools have hesitated to incur the expenses which were necessary in order to purchase the equipment and embark on the program.

Mr. President, I may say that, in my opinion, this program has been one of the most helpful ones which have been inaugurated and promises to contribute more to the cause of public education in these United States than has any other policy which has been adopted since the creation of free public schools.

The bill, in following the program now in effect, authorizes an appropriation which can in no event exceed \$100,000,000. I am referring to title I of the bill. At the present time the Congress is appropriating or has appropriated \$57,500,000 for the program for the current fiscal year. Those funds will be exhausted in most of the States by April of this year, and an additional deficiency appropriation of \$7,500,000 will be necessary if cooperation on the part of the Federal Government is to continue throughout the scholastic year with the schools now having the lunch program.

Under the school-lunch program which has been in effect by virtue of provisions in the agricultural appropriation bill, the funds would be distributed, as between the several States, on the basis of need. The pending bill, in section 104, spells out the definition of need which has been applied by the Depart-

ment of Agriculture in providing for the distribution of the fund. I wish to point out, Mr. President, that this bill provides for acceleration in the contributions from the States. At the present time the school-lunch program is in effect in approximately one-fourth of the schools of the Nation and is enjoyed by more than one-fourth of the school children. Approximately 8,000,000 children enjoy the benefits of the program at the present time, as compared to a total school attendance of approximately 26,000,000.

Under this bill the program will be available to all the schools of the Nation by the imposition of an increase of only about \$40,000,000 per annum on the part of the Federal Government, but the States will eventually be required to contribute \$300,000,000. For the years 1947 to 1950, inclusive, the States must match this money on a dollar-for-dollar basis, such as that which obtains in the case of highways and in the case of the various other Federal grants-in-aid to education, including the vocational training programs and the other programs under laws already in effect for Federal aid with respect to various phases of education and advancement within the States.

Commencing in the year 1951, the State contributions must be stepped up to \$1.50 on the part of the States for every dollar that is contributed by the Federal Government. The bill provides that after 1955 the States shall match the funds on the basis of \$3 of State funds for every dollar contributed by the Federal Government, and the funds which will be available under the accelerated matching by the States, when added to the increase that is provided for in this bill to the Federal contribution, should at that time, unless there is a great increase in costs, enable practically every school in the Nation to participate in this program.

Mr. President, this bill provides that the Secretary of Agriculture or the War Food Administrator, so long as that office is in existence, shall deal with the departments of education of the several States. The interests of the Federal Government are protected by clauses which require an accounting and which give the right of examination of the books of those who are administering the funds.

There has been a great deal of misconception about the school-lunch program. In the first place, many of those who have opposed it object to the idea of giving free school lunches to the children. There is nothing on earth in this bill that provides or seeks to provide any free school lunch to all the school children of the Nation. The only children who are to receive a free school lunch are those who are certified by the local school authorities as being unable to pay for it. I do not mean to say that the Federal funds will not go into this program in the way of a partial subsidy, but no Federal funds can be expended for anything except food. Under title I, the Federal funds may not be expended for equipment, for the preparation or processing of food, or for the administration of the several school lunchrooms. They may be expended only for food. In every school of which I have any knowledge, in which

this program is in operation, each of the children pays a small amount, such as 8 to 10 cents and as high as 20 cents, for his lunch when his parents are able to furnish the money for that purpose.

Seventy-five million dollars of the fund will be divided between the States to reimburse them for expenditures for food under the formula contained in section 101. The remaining \$25,000,000 is to be used by the War Food Administrator, or after that office has expired, to the Secretary of Agriculture for the purchase and handling of foods which are surplus, or which have been produced in such quantity that they have depressed the market. This program came into being as a means of disposing of agricultural surpluses. It came into being when we were living in that paradoxical age when we had so much food to eat that people were starving, and farmers were producing so much that they were going into bankruptcy because they could not dispose of their products. The purpose of starting the school-lunch program was to acquire those surplus commodities in order to enable the farmer to receive at least something for his products.

Twenty-five million dollars would be used to continue that part of the program. For example, it is anticipated that within a few months there will be a great surplus of eggs, and, through this program and this portion of the appropriation available to the War Food Administrator, approximately 7,000,000 dozen eggs, which would otherwise depress the market, may be purchased. We are all familiar with the fact that under the Steagall amendment Congress has the responsibility of maintaining farm prices at a level of 90 percent of parity of most commodities which are essential in any nutritional diet. This means no new out-of-pocket expenditure on the part of the Federal Government, because the Secretary of Agriculture would be required, under the terms of section 32, to purchase these commodities in any event. This bill merely provides an outlet of distribution whereby the excess of production may be put to a good use without in anywise depressing the market.

Mr. President, there exists another popular misconception. Many persons have said that they were opposed to federalizing the public-school system, and that the school-lunch program is a step in that direction. I may say that the program has been in effect for about 10 years. We have had an opportunity during that time to see how much it would federalize the public-school system. The bill specifically forbids the Secretary of Agriculture from undertaking to make any requirement with respect to instruction or teaching personnel. He is given no authority whatever over the management of the schools. There is nothing new in the system. I doubt not that when the Morrill Act providing aid for land-grant colleges was passed—I believe the act was passed in 1862 or 1863, or at least during the 1860's—Senators stood on the floor and contended that Congress should not pass the bill to aid the various educational institutions of the country because to do so would be to federalize education. We

have seen the Morrill Act in operation for more than 80 years, and we know that the land-grant colleges have not been federalized. They are still operating under State control, and the Morrill Act has been of tremendous advantage in bringing benefits of college education to millions of Americans who otherwise might not have enjoyed them. We have other Federal grants in aid to education. We have the Smith-Lever Act, the George-Deen Act, and other acts wherein the administration is left to the State, and in no case have the prophecies of the Jeremiahs that education would be federalized come true.

Mr. President, I see nothing subversive in the school-lunch program. It has been attacked on the ground that it would bring about communism and perhaps socialism. In my opinion, a school child who has a good bowl of hot soup and a glass of sweet milk for his lunch will be much more likely to be able to resist communism or socialism than would one who had for his lunch a hard biscuit which had been baked the day before and which he had brought with him to school in a tin can.

This program has been of vast benefit in improving the standards of nutrition in this country. I have investigated the situation within my own State. I have found that what the children have learned in school concerning the preparation of food in the school and the value of various foods, was carried home to their parents. In some cases school children were able to educate their own parents as to a better use of food, and as to the nutritive values of various foods.

Mr. President, with reference to title II of the bill, I may say that it authorizes an appropriation of \$15,000,000 to the Office of the United States Commissioner of Education. It represents an activity which is not now in effect. Statements which I have made as to our 10-year experience with this program do not apply to title II. However, we know that during the life of the National Youth Administration that agency furnished some skilled personnel to the schools to assist in the preparation and supply of school lunches. The WPA also had persons on its pay roll who were familiar with the handling of foods, and they were also available to the schools in the early days of the program. But title II provides for an appropriation as a grant-in-aid to the States which must be matched by the States to assist in furnishing training for those who will supervise the program, and to provide equipment and facilities for it. Of course, there is imposed the limitation that none of the funds may be used for the acquisition, construction, or alteration of buildings, or for the purchase of land.

Mr. President, this bill has been carefully drawn to protect the integrity of the State school system. It has been carefully drawn to endeavor to protect the rights of all school children of this Nation of whatever race, color, or creed. I may say that in 10 years of operation there has been no complaint that any State has discriminated against any child in any school because of his race, creed, or color. The program has been absolutely free of any charge of that nature. That

policy is embodied within the pending bill.

Mention has been made of the fact that this bill authorizes a slight increase in the appropriation which has been previously made. Of course, funds must be matched on an increasing basis by the States. If the States do not match the funds, the appropriation will not be granted. But I am not so greatly concerned about this little increase in the Federal contribution which will enable the States to expand the program over the entire country. On the whole, it will amount approximately to only \$40,000,000 more than we have been expending for the past 10 years for this work. I have seen the Senate of the United States, I believe without a record vote, appropriate \$2,700,000,000 in order to provide for the starving and distressed peoples in Europe. I have seen that done by this Congress. That sum would provide for this small increase for more than a hundred years in the future, and would benefit the citizens of the United States to whom we must look to guide the destinies of this great Republic.

Mr. President, there are a few slight differences between this and the House bill. I shall presently move to substitute the Senate bill for the House bill. In the first instance, the bill as it comes from the House contains an authorization for only \$50,000,000, which, as I have stated, would mean a reduction in the program instead of an increase, because we have already appropriated \$57,500,000 for this purpose for the current fiscal year. The Senate voted to increase the fund to \$65,000,000, and in the tortuous path that leads to the enactment of legislation it was necessary to surrender \$7,500,000 of that appropriation in the conference.

Another difference between the bill as it passed the House and the Senate committee bill is that the House bill ran the maximum program up to \$4 on the part of the States, whereas the Senate bill requires the States to put up only \$3 for each Federal dollar when the program has reached its fullest expansion.

The House bill also required a much more rapid acceleration of the increased matching on the part of the States than does the Senate bill.

Mr. President, I think this statement briefly covers the principal differences between the bill as it passed the House and the Senate committee bill.

As I have stated, there has been no piece of legislation in the Congress during my tenure here that has been so thoroughly investigated and so carefully examined by the committees of the Congress. The subcommittee of the Committee on Agriculture and Forestry of the Senate conducted long and exhaustive hearings. We heard from a number of officials of the Government, and from a large number of private citizens who were familiar with the program. We have all received expressions of interest on the part of many persons who are anxious that the program be not crippled, but that it be expanded so that its benefits to the school children of the Nation may be increased.

Furthermore, before the Committee on Appropriations for a number of years we

have had hearings on this program. It is one with which every Senator is familiar, and the issues are very simple.

First, is it desirable that the program be given a statutory basis so that those who operate the schools of the Nation may have some certainty that the program will remain in operation?

Second, should the authorization for the appropriation be in the amount of \$100,000,000 a year?

Third—and this is the only other issue I can see—should or should not title 2 of the bill be adopted?

In my opinion all three of those questions can be answered only in the affirmative, and the bill should be enacted into law.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. TAFT. Can the Senator give me an idea of the cost of school lunches? Is there any figure accepted as to the ordinary cost of providing lunches for school children?

Mr. RUSSELL. The cost varies a great deal according to the section of the country. The bill provides that the school lunches shall be entirely on a nonprofit basis, that the schools may not make anything out of them.

Mr. TAFT. I understand that, but I wonder how extensive a program it is, and if all the school children in the United States, numbering at least 26,000,000, or, more likely, 30,000,000, under the Senator's bill, are to participate for, say, 200 days a year, 200 lunches apiece, what would the over-all cost be, not the Federal contribution, but the over-all cost?

Mr. RUSSELL. There are many imponderables, of course, such as what the prices of commodities will be, or what the wage rates will be for those who prepare the food. It is my own opinion that under present costs, at the time when the law has reached its maximum expansion, with the States required to contribute \$300,000,000 to match the \$100,000,000 provided by the Federal Government, it will be possible to install this program in practically every school in the United States.

Mr. TAFT. I understand that. That would mean that \$400,000,000 would be available.

Mr. RUSSELL. Yes.

Mr. TAFT. For from 26,000,000 to 30,000,000 children. But as I understood the Senator, most of those children pay for their lunches. Is that so?

Mr. RUSSELL. They do not pay for all of the lunch. They do not pay for the contribution the Federal Government makes of food.

Mr. TAFT. Why should not my child, going to a public school, pay for his lunch?

Mr. RUSSELL. I know of no reason why the Senator's child should not pay, and I assume he does.

Mr. TAFT. I understood the Senator to say that the only children furnished free lunches were those who could not afford to pay.

Mr. RUSSELL. That is correct.

Mr. TAFT. What proportion of the total cost of lunches has to be subsidized, under this program?

Mr. RUSSELL. It varies, because we have not undertaken to write a bill which would apply an inflexible program to every school in the United States. I do not think it is possible to do so. Certain general principles are set forth in the bill. It provides that it shall be a non-profit program, and that the lunches shall be served at cost to children who are determined by local school authorities to be unable to pay.

Of course, heretofore the Federal Government has borne practically the entire cost of the food used in the program. Where the school-lunch program has been in operation, and the nonprofit provision has applied to the child who could not pay anything, the Federal Government has borne the cost. It has varied in the different schools. Some of the schools have only utilized the food that has been furnished by the Department of Agriculture. In that case the cost to the school child was the amount that was necessary to pay for the preparation and the service of the food, and for the supervision of the lunchroom. The children have paid for that, or it has been contributed from local sources. What is paid by the child is considered as a part of the contribution that is made locally, a price which ran anywhere from 9 cents a meal up to as high as 20, depending on the character of the meal, and the location of the school, and local or State funds covered the cost of acquiring such food as was not furnished by the Federal Government, and the cost of personal services for preparing the lunch.

Mr. TAFT. What reason is there for three-fourths of the children of the country not paying the whole cost for their own lunches, including the food and everything else?

Mr. RUSSELL. My own opinion is that substantially more than three-fourths pay the cost, though not all of it.

Mr. TAFT. Why should not a family perfectly able to pay for its own food pay 15 cents if that is the whole cost, instead of 10 cents, and getting 5 cents subsidized? What is the purpose of that?

Mr. RUSSELL. One reason is that it is a means of disposing of surplus agricultural commodities without depressing the farmer's prices too much.

Mr. TAFT. That seems to me to be wholly unjustifiable, for obviously if the food were delivered at the school, and the children had a regular school lunch, they would not buy that much somewhere else. So it seems to me obvious that the total amount that is spent on school lunches is just the same whether the Federal Government furnishes the food or whether the Federal Government gives the cash with which the food may be bought. I do not see what difference it makes so far as the total amount of agricultural products is concerned.

Mr. RUSSELL. It certainly makes a tremendous difference, because where the Federal Government does not furnish the incentive to the program, the food is not consumed, the children do not have it, and that is one of the strongest arguments for the bill, that every dollar that is spent on it does double duty. One result is the disposing of

some agricultural commodity that is in excess, or that threatens to become excess and depress prices. I want to be perfectly frank; that has not been true during these days of war scarcity, but we have given assurances to the farmers, through the enactment of the Steagall amendment, that the prices of his products would be maintained at 90 percent of parity, and as surely as that the sun shines today, it will be necessary for the Federal Government to acquire large quantities of foods within the next 2 years to protect that 90 percent of parity guaranteed the farmers. The other duty performed is to strengthen the children of the land and protect the national health by furnishing them a good meal and improving their diet.

Mr. TAFT. I suggest to the Senator that, so far as \$25,000,000 worth of food doing that job is concerned, it is merely a drop in the bucket, and it seems to me that feature of this program is wholly unimportant, so far as solving the agricultural problem is concerned.

Mr. RUSSELL. The Senator overlooks the fact that the entire program of \$100,000,000 is directed at the use of kinds of foods which are surplus or likely to become surplus, because not only does the Secretary of Agriculture have authority to expend \$25,000,000 directly, but he has the authority to make requirements as to foods that are surplus within the several sections of the country, and as to the purchases which are made in local schools with Federal funds.

Mr. TAFT. I am only saying that it does not seem to me to be an additional argument for this particular program that the commodities should be distributed in that way, rather than to pay cash and let the children buy the food. If there is a school program the great bulk of the children are going to eat just about the same, I would guess, in the long run.

Mr. RUSSELL. The Senator is certainly guessing. The statement is not sustained by the evidence presented to two committees of which I am a member. Nor do I think his guess would be sustained by the facts, because school children had not had as much food at lunch, or as desirable food, as they have had, since the institution of this school-lunch program.

Mr. AIKEN. Mr. President, if the Senator from Georgia will yield, I will point out the fact that, so far as unemployment and farm surpluses are concerned, they go hand in hand. When we have unemployment and reduced purchasing power, we have larger farm surpluses. And when large surpluses and low prices reduce the farm purchasing power, we get greater unemployment in the cities.

So this plan will work automatically. As the market is sustained through the school-lunch program and reduces the farm surpluses, to that extent it not only reduces the surplus but increases the purchasing power of the people of the city at the same time. The two go together. When we have a surplus on a farm, we have unemployment in the cities. If anyone doubts that all he has to do is to look back over the last 15 years. There never was a more self-

evident truth. I think that even the little bit represented by the school-lunch program will go a long way toward correcting both undesirable conditions, with respect to farm surplus and city unemployment.

Mr. TAFT. Mr. President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield.

Mr. TAFT. I still do not understand the situation. The Senator says that to cover this whole field would cost \$400,000,000. That is \$400,000,000 of subsidy, as I understand it. How much more would the school children themselves have to pay to cover the whole cost of eating lunch every day?

Mr. RUSSELL. I think Mr. President, the amount that has been paid by the school children has been drawn into the total fund and has been considered a local contribution.

Mr. TAFT. I do not understand from the bill that those who pay for their own lunches are counted as a part of the local contribution.

Mr. RUSSELL. There is no question about that. That has been the case in all the 10 years during which the law has been in operation.

Mr. TAFT. Then it seems to me that the whole thing is not a matching idea. The States are not required to do anything. The Government does it all, except what individuals contribute.

Mr. RUSSELL. I realize, of course, that this program has never appealed to the Senator from Ohio. He raised the question about his son going to public school and paying for his lunch. I suggest that the Senator's son receives as much tuition in the public school as does the poorest child. They are on the same basis with respect to tuition, and might as well be on the same basis with respect to school lunches.

Mr. TAFT. We have long accepted the idea in this country that we are to give free tuition in public schools and free education, but not to feed everyone for nothing.

Mr. RUSSELL. The bill does not provide for feeding every child in the schools for nothing.

Mr. TAFT. Turning to page 5 of the bill, beginning in line 20, we find this language:

For the purpose of determining whether the matching requirements of this section and section 108 (d), respectively, have been met, the reasonable value of donated services, supplies, facilities, and equipment as certified, respectively, by the State educational agency and in case of schools receiving funds pursuant to section 108 (d), by such schools may be regarded as funds from sources within the State expended in connection with the school-lunch program.

But I do not see anything that indicates that the money paid by the children for their own lunches is a contribution by the States for the purpose of matching Federal funds.

Mr. RUSSELL. That has always been the case, and it is proposed that that course shall be followed under this measure.

Mr. TAFT. Can the Senator point out to me the provision under which that interpretation could be made?

Mr. RUSSELL. I think that interpretation could be made under the language just read by the Senator from Ohio—

Mr. TAFT. No. I suppose it would be under the language in line 7 on page 5, which reads:

will be matched during such year by \$1 from sources within the State determined by the Secretary to have been expended in connection with the school-lunch program.

Mr. RUSSELL. I thank the Senator. That clarifies it.

Mr. TAFT. It seems to me that what the Senator suggests is a very broad construction even of that language.

Mr. RUSSELL. It all goes into furnishing the school lunch, does it not?

Mr. TAFT. So the Senator's idea is that \$400,000,000 will cover the entire cost of all the lunches, not only the subsidized part, but the entire cost of the lunches for all the children?

Mr. RUSSELL. Unless there is a great increase in the cost of personnel services, it is my opinion that the \$400,000,000 will substantially cover a school-lunch program for the entire school system of the country.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. AIKEN. That would cover it at a future date, when instead of 30,000,000 school children we will probably have nearer 40,000,000. This provides for matching up to 1955, does it not, or 10 years hence?

Mr. RUSSELL. I base my estimate on the estimated school population of 26,000,000 pupils.

Mr. AIKEN. At the present time?

Mr. RUSSELL. Yes; at the present time.

Mr. AIKEN. And that would mean probably from 30,000,000 to 32,000,000 by 1955.

Mr. RUSSELL. It should; yes.

Mr. TAFT. Mr. President, will the Senator from Georgia again yield?

Mr. RUSSELL. I yield.

Mr. TAFT. Does not the bill include kindergartens and nursery schools as well as 26,000,000 pupils in the regular schools?

Mr. RUSSELL. Oh, yes; it applies to nursery schools in certain cases, but the formula for the distribution of the funds applies only to children between the ages of 5 and 17.

Mr. TAFT. That is the formula, but as I understand, the permission to provide the lunches extends to kindergartens; to anything under high-school grade.

Mr. RUSSELL. I do not so understand the bill. In my opinion, it applies only to the public schools and to private schools, because the bill refers specifically to children between the ages of 5 and 17, inclusive.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. SALTONSTALL. I should like to ask the Senator from Georgia a question. Two years ago the Federal Government, in carrying out the program in Massachusetts, started to deal directly with the city authorities, bypassing the State authority entirely. That was finally stopped by an administrative understanding. Under the terms of this bill, is such action possible, in the opinion of

the honorable Senator, or must the Federal Government deal through the State agencies?

Mr. RUSSELL. In my opinion, the effort which was made at one time by the Department to deal directly with several individual schools was one of the worst mistakes they ever made in respect to this program. This bill requires them to deal with the State educational agency, and where there is no educational agency now authorized by the law of the State, to deal with the Department of Agriculture. With respect to this program, the bill authorizes the Governor for a period of 2 years to designate any agency of the State, and the Department of Agriculture is required to deal with that State agency. That provision is made in order to give the legislature an opportunity to designate a State agency.

Mr. SALTONSTALL. But section 108 would permit the Secretary in certain cases to deal directly with nonprofit private schools; would it not?

Mr. RUSSELL. Yes. Section 108 (d), as I understand, is designed to enable the private schools which are now operating under the program, to continue to do so in the event there be a State law prohibiting the department of education of the State from dealing with a private, nonprofit school.

Mr. SALTONSTALL. On page 11 there would seem to be language which would permit the Federal Government to pay the whole cost of the lunches in the nonprofit private schools as opposed to the ordinary program in the public schools. In lines 6 and 7 we find the language: "including, but not restricted to, the requirement."

Does that go too far?

Mr. RUSSELL. I am glad the Senator has called that language to my attention. I had not caught that point in the amendments offered by the committee. Let me read the entire sentence:

The Secretary shall disburse the funds so withheld directly to the nonprofit private schools within said State for the same purposes and subject to the same conditions as are authorized or required with respect to the disbursements to schools within the State by the State educational agency including, but not restricted to—

No; in my opinion that would require the nonprofit private schools to match.

Mr. SALTONSTALL. But if we continue that sentence with just one more line it would seem to indicate that the Federal Government could pay the whole cost.

Mr. RUSSELL. If that be true I should be happy to accept an amendment that the words "but not restricted to" be stricken. I think that would clarify the situation.

Mr. SALTONSTALL. Would it not be clearer if those words were stricken from the bill?

Mr. RUSSELL. I am inclined to agree with the Senator from Massachusetts.

Mr. SALTONSTALL. Would the honorable Senator care to offer such an amendment?

Mr. RUSSELL. I shall be happy to do so.

Mr. President, I move, on page 11, in lines 6 and 7, to strike the words "but not restricted to."

First, I ask that the committee amendment beginning in line 16 on page 10 and ending in line 14 on page 11 be reconsidered.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Georgia? The Chair hears none, and, without objection, the vote by which the amendment was agreed to is reconsidered.

The question is on agreeing to the amendment offered by the Senator from Georgia to the committee amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. MAYBANK. The distinguished Senator from Massachusetts asked some questions which are of some concern to me. I wish to ask the Senator from Georgia a question. In connection with the disbursement of these funds to the States, insofar as agricultural products are concerned, there is no expense whatsoever attached to the distribution of the food, is there?

Mr. RUSSELL. Some of the cost of distribution, processing, and handling the food may be borne out of funds apportioned under section 104.

Mr. MAYBANK. Therefore in many instances the States themselves afford that service?

Mr. RUSSELL. Those operations may be paid for by either State or Federal funds.

Mr. MAYBANK. That is what I wanted to find out. I mean the distribution in the schools themselves.

Mr. RUSSELL. Oh, no; the Federal Government can incur no cost respecting distribution in the schools themselves.

Mr. MAYBANK. Therefore in keeping with the statement of the Senator from Massachusetts, whomsoever the State superintendent of education designates, or if he does not have the legal power to do so, someone whom the governor may designate, furnishes the food in the schools through the Parent-Teachers Association or some other organization.

Mr. RUSSELL. That is done by whoever happens to be supervising the school-lunch program.

Mr. MAYBANK. And there is no cost chargeable in connection with that?

Mr. RUSSELL. There is no cost chargeable to the Government in connection with the foods actually served in the lunch room. Under section 103 of the bill I think the Secretary is authorized to expend funds for the handling of these commodities because he is authorized to purchase them. He certainly would have to have someone to handle them. I think he would be authorized to spend funds for that purpose.

Mr. MAYBANK. I thoroughly agree, from a casual study of the bill. But there is no provision in the bill to pay the cost of preparing and furnishing the food within a school district or school.

Mr. RUSSELL. No. The Federal contribution is limited to the purchase of

food. All the cost of handling, preparation, and serving of the food, and costs of supervision, must be borne by the State or local school authority. Of course, as the Senator states, in many cases the costs of those services are defrayed by the Parent-Teachers' Association, the Kiwanis Club, or other organizations which contribute to that end.

Mr. MAYBANK. Therefore there is a considerable local contribution in the form of services.

Mr. RUSSELL. At the present time the States, through contributions of services and in other ways, are contributing more than the contribution of the Federal Government.

Mr. MAYBANK. The statement of the distinguished Senator from Ohio [Mr. TAFT] was to the effect that, regardless of who the pupils in the school may be, they receive these lunches. In the public-school systems throughout the country it would be totally impossible to segregate the pupils and differentiate between them on the basis of income. Does the Senator agree to that statement?

Mr. RUSSELL. Of course, any funds which are paid in go to the common fund for the school-lunch program.

Mr. MAYBANK. Therefore, a great many people pay in money—

Mr. RUSSELL. All contribute except those who the local school authority say are unable to contribute.

Mr. MAYBANK. That statement is consistent with what the Senator said in connection with free tuition.

Mr. RUSSELL. That is correct.

Mr. MAYBANK. The public schools of this country are open to all. Those with larger incomes naturally pay larger amounts in taxes. Those who are less fortunate pay less. But the public-school system is open to all the people.

Mr. RUSSELL. That, of course, is correct.

Mr. MAYBANK. There is no State tuition fee in Georgia or South Carolina, and no differentiation on the basis of income.

Mr. RUSSELL. None whatever.

Mr. MAYBANK. The public-school system of our country is based on the common education of our people. The children, whether they be rich or poor, play together and go to school together, in the interest of a greater democracy.

Mr. RUSSELL. Of course, the public schools are available to all upon the same terms.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. DONNELL. I should like to ask the Senator from Georgia if he will be kind enough to state under what provision of the Constitution he thinks this bill is properly to be enacted by Congress.

Mr. RUSSELL. The Senator from Missouri is a profound constitutional lawyer. In my opinion, this bill comes under exactly the same powers of the Constitution under which we have been making appropriations for public improvements since the time of Thomas Jefferson, the same provision of the Constitution under which, since 1862, we have been making appropriations from Federal funds to every land-grant col-

lege in the country, including the great University of Missouri. It is the same provision of the Constitution under which we have been making contributions for vocational education in this country under the Smith-Lever Act, the George-Deen Act, and kindred laws, including aid to the blind and dependent children, under which grants-in-aid have been made by the Federal Government for purposes which the Congress of the United States deems to be of importance to the welfare and the progress of this country.

Mr. DONNELL. Will the Senator from Georgia please indicate precisely which section and article of the Constitution of the United States he refers to?

Mr. RUSSELL. I do not wish to enter into a constitutional argument with the Senator from Missouri.

Mr. DONNELL. I ask the distinguished Senator from Georgia if it is not a fact that the only possible constitutional basis on which the proposed law could stand would be the theory that it comes under the general welfare provision of the Constitution of the United States, namely, section 8 of article I of the Constitution of the United States?

Mr. RUSSELL. Appropriations have been made for kindred purposes for many years. If the appropriations are illegal, the Congress has violated the Constitution in this manner for more than a hundred years. I have heard the Senator from Missouri give very lengthy and learned discourses on the constitutionality of Federal appropriations, and I shall not enter into a discussion with the Senator as to the constitutional phases of this program. It has been in operation in this country for 10 years; and if no one has challenged the constitutionality of it up to this hour, I shall not debate it with the Senator from Missouri at this time.

Mr. DONNELL. I should like to ask the Senator from Georgia if he can place his finger on any provision of the Constitution of the United States under which such a statute would be authorized, except possibly section 8 of article I of the Constitution of the United States.

Mr. RUSSELL. I have already stated to the Senator—and I reiterate with all due deference and respect—that I shall not engage in any discussion of the constitutionality of this matter with the Senator from Missouri at this time. I have heard the Senator express his views at length on previous occasions.

Mr. DONNELL. Mr. President, I invite attention to the fact that on three separate occasions the Senator has declined, in substance, to indicate under what particular section or article of the Constitution he thinks the proposed statute would be valid.

If the Senator will be kind enough to yield for one further question, I should like to ask whether there is any provision in this bill to the general effect that a fund is to be set up, to consist of the proceeds of taxes, duties, imposts, or excises, from which fund the amounts to be appropriated, as authorized herein, shall be paid.

Mr. RUSSELL. Mr. President, with all deference to the Senator, I shall not enter into a constitutional discussion

with him, and I shall decline to yield further to him. In the past I have listened to the profound constitutional discourses of the Senator, but I shall not do anything to provoke one of them in my time. The Senator may discuss the constitutionality of the measure in his own time.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. AIKEN. I wish to invite attention to something we have just done. I wonder whether we have done what we thought we were doing.

After the colloquy between the Senator from Massachusetts [Mr. SALTONSTALL] and the Senator from Georgia [Mr. RUSSELL] we voted to strike out the words "but not restricted to" on page 11, lines 6 and 7. Evidently those words were interpreted as giving the Secretary the right to waive the matching of funds by private schools. I wish the Senator from Georgia would read that language again and see if he thinks we did what we thought we were doing in adopting the amendment. As I read it, the language would not give the Secretary the right to waive the matching of funds, but would permit additional requirements in the case of private schools.

Mr. RUSSELL. I think the language of this provision is very confused. However, in my opinion, the amendment which we just adopted cannot in any degree hurt the schools in which the Senator from Vermont is interested.

Mr. AIKEN. That is entirely possible. However, inasmuch as this discussion has taken place, I wonder if we could have printed in the RECORD at this point in the discussion the portion of the bill which we are now considering.

Mr. RUSSELL. I should be happy to have it done.

Mr. AIKEN. Because very evidently the words we struck out would not have exempted the private schools from paying their share of the expense, although of course they could not pay it from public funds. As the language stands, they should pay from funds which they collect from other sources. What we have done is simply to require the private schools to match the funds, but we do not give the Secretary the right to put in additional requirements with respect to the private schools. I am perfectly satisfied with the amendment.

Mr. RUSSELL. It has been done heretofore. The private schools have operated on the same basis that the public schools have operated upon. With respect to matching, the private schools have operated in the same way that the public schools have operated, and certainly under the provisions of the bill the Secretary would simply require them to match the funds.

Mr. AIKEN. But otherwise the bill would have permitted the Secretary to place additional requirements on the private schools.

Mr. RUSSELL. Does the Senator from Vermont favor the imposition by the Secretary of additional requirements on the private schools?

Mr. AIKEN. No.

Mr. RUSSELL. I did not think the language served any useful purpose

there; that was the impression I received in reading it over.

Mr. AIKEN. Yes; it was a rather perplexing paragraph. When we voted on it, I thought we were taking away from the Secretary the right to require the matching of funds on the part of the private schools. And from the discussion which occurred, I think other Members of the Senate thought the same.

However, I am perfectly satisfied with it as it is.

Mr. RUSSELL. I do not think we should waive the matching requirement on the part of any schools.

Mr. AIKEN. No.

Mr. RUSSELL. And I am satisfied that as the amendment now stands, these schools will be required to match the funds, regardless of any other restrictions which might be imposed.

Mr. AIKEN. I agree with the Senator, and I think the bill is better with the amendment. At the same time let me say that when the amendment was adopted I thought some Senators had the impression that it meant something else.

Mr. RUSSELL. From reading the section, I cannot see that that language added anything to it. I think it is just as well off without it.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. MAYBANK in the chair). Does the Senator from Georgia yield to the Senator from Kentucky?

Mr. RUSSELL. I yield.

Mr. BARKLEY. I have had some correspondence with persons in my State who seem to object to what I have not been able to find in the bill—something with reference to the decisions to be rendered in any locality by the home economics associations or organizations. I find no such provision in the bill.

Mr. RUSSELL. There is no such provision in the bill. Title I requires the Secretary of Agriculture to deal with the head of the educational system within the State, and title II requires the Commissioner of Education to deal with the same State authority.

Mr. BARKLEY. Yes; of course, if he had any understanding or agreement or working arrangement with any local association for the distribution of the fund—any arrangement which was legal under the State laws—he could make any arrangement he saw fit to make.

Mr. RUSSELL. So long as he followed the requirements with respect to matching, keeping books, and similar requirements.

Mr. BARKLEY. Yes. I have had some correspondence with respect to section 203, on page 14:

STATE PLANS

SEC. 203. (a) In order to be approved a State plan for the administration of school-lunch programs must—

(3) provide that the distribution to schools of funds paid to the State under this title, and equipment purchased with such funds, shall be only to public schools and school systems of high-school grade or under (including nonprofit private schools of high-school grade or under which receive public funds from the State or any school system thereof for payment of teachers' salaries),

which undertake to furnish school lunches under agreements pursuant to title I.

In other words, if any private-school system in the State of Kentucky which undertakes to provide school lunches is willing to match the contribution of the Federal Government under the State school system, it will be eligible to receive assistance, under this subsection. Is that the Senator's interpretation?

Mr. RUSSELL. No; I do not think so. Under subsection (3), as I understand it, any nonprofit school which receives any public funds from the State would then be entitled to proceed under title II. Of course, all schools can proceed under the school-lunch program under title I. This provision of title II has to do with the furnishing of equipment to schools and the furnishing of training in the schools in connection with the handling of the school-lunch program.

Mr. BARKLEY. This section does not deal only with equipment, but it says:

In order to be approved a State plan for the administration of school-lunch programs must—

Mr. RUSSELL. That is title II. It has nothing whatever to do with the furnishing of food.

Mr. BARKLEY. But why does it mention school-lunch programs?

Mr. RUSSELL. Because it complements the program to furnish the food. Title II is to provide training for the technical personnel which will handle the program in the schools, as well as to assist in equipping them.

Mr. BARKLEY. Then it is the Senator's interpretation that the bill provides that schools which do not receive any distribution of State funds cannot in any way participate in the school-lunch program.

Mr. RUSSELL. No; the Senator is wholly in error.

Mr. BARKLEY. I am trying to draw the distinction.

Mr. RUSSELL. Any school, private or public, can participate in the school-lunch program as provided for in title I, where the Federal Government contributes food or funds to assist in the purchase of food for supplying the school-lunch program. Title II has nothing to do with that.

Mr. BARKLEY. Title II is the one to which my attention has been drawn by letters which I have received.

Mr. RUSSELL. Title II does refer to the school-lunch program.

Mr. BARKLEY. Yes.

Mr. RUSSELL. But it refers to that part of the school-lunch program which deals with training the technical personnel and with assisting in the acquisition of equipment, rather than the furnishing of the lunches.

Mr. BARKLEY. So under title I, a private school could participate in the distribution of the lunch fund; could it?

Mr. RUSSELL. That is correct.

Mr. BARKLEY. But it could not participate in the distribution of equipment for the purpose of making the lunch fund practicable and making it possible to serve the lunches; is that correct?

Mr. RUSSELL. That is my construction of that provision.

Mr. BARKLEY. I should like to get that point clear, because I have received some letters protesting against this provision of title II.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. ELLENDER. The reason is that the lunch fund is dedicated to the children of the Nation, that is, the funds are used to pay "for the cost of obtaining agricultural commodities and other foods for consumption by children in the school-lunch program"; whereas under title II whatever funds are appropriated are expended by the schools through the State agency in order "to establish, maintain, operate, and expand school-lunch programs to provide related nutrition education, and to provide and train technical and supervisory personnel and to provide equipment and facilities for such programs." That is the distinction which is made.

Mr. BARKLEY. That is no less for the benefit of the children. The equipment is just as much for their benefit as is the food itself.

Mr. ELLENDER. But it is against public policy to use Federal funds to pay teachers in private schools or to furnish equipment to private schools.

Mr. BARKLEY. That is true. But in my State they have adopted a practice of permitting the use of school busses, not only for children in public schools but for children in schools privately operated which are along the routes of the busses.

Mr. ELLENDER. But that is a service to the children themselves and the busses are publicly owned.

Mr. BARKLEY. Yes; that is true.

Mr. ELLENDER. I invite the Senator's attention to the case of Cochran and others against Louisiana State Board of Education and others, reported in United States Reports, volume 281, beginning at page 370, where the constitutionality of the Louisiana free schoolbook law was attacked by some of the taxpayers of my State. The law provided for the purchase and distribution of schoolbooks, free of cost, to the school children of the State. Some taxpayers contended that the legislation violated specific provisions of the constitution of the State and also section 4 of article IV and the fourteenth amendment of the Federal Constitution.

The United States Supreme Court held, in effect, with Chief Justice Hughes as the organ of the Court, that—

Appropriations by the State of money derived from taxation to the supplying of schoolbooks free for children in private as well as public schools is not objectionable under the fourteenth amendment as a taking of private property for private purposes where the books furnished for private schools are not granted to the schools themselves but only to or for the use of the children and are the same as those furnished for public schools and are not religious or sectarian in character.

That case makes a clear distinction in the use of public funds for the direct use of the children, in contrast to the use of public funds for the use of private institutions.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. KNOWLAND. I should like to address an inquiry to the distinguished Senator from Georgia relative to the section dealing with apportionment of the State funds. I merely wish to ask whether the apportionment is the same as that which is made under existing law, or whether a change has been made. I call particular attention to subdivision (2), on page 3, reading as follows:

the need for assistance in the States as indicated by the relation of the per capita income in the United States to the per capita income in the State.

I wish to ask whether that section is to be found in the existing law. Subsection (1) of the paragraph says that the apportionment shall be made on the basis of the number of school children in the State who are between the ages of 5 and 17, inclusive; and there is also a second condition. I wonder whether the second condition is a part of the existing law.

Mr. RUSSELL. The present authorization for this program is contained in an appropriations act. It is my recollection that the language simply says that the funds shall be apportioned by the Secretary of Agriculture on the basis of need, and it stops there. It is my further information that the formula which has been applied by the Secretary of Agriculture is what is embodied within this bill.

Mr. KNOWLAND. I am somewhat concerned about a new doctrine which is creeping into some of the legislation. Apportionment of funds under this bill seems to be based on the number of school children in each State, and that is the same as the general apportionment system which we have in California, predicated on the basis of the average daily attendance. There is one set of circumstances there, namely, the total number of children. When we bring in the other factor, it seems to me that in a way the States which are perhaps more progressive and are spending more on their educational institutions, and so forth, not only will carry their own burden but will also carry an additional burden for the States which are not quite up to those standards. Perhaps it might furnish an additional reason to take an active interest in raising the minimum wages, for instance, in order to bring up their per capita income, because an additional factor is found there. I wish to find out whether this formula is provided for in the existing law.

Mr. RUSSELL. It is not written out, because we have no statutory law on the subject at the present time. But it is being applied in the distribution of these funds. I may say to the Senator from California that I am not familiar with the laws of his State, but I would be very much surprised if he did not have in his State an educational equalization fund which is provided by the legislature of his State, a fund in the nature of a State equalization fund for education. I do not know a thing about the laws of the State of California, but if California

does not have something in the nature of a State equalization fund to help the weaker and poorer schools, I venture to say it is the only State in the Union which does not have one, for every other State with which I have any familiarity whatever has a State equalization fund in its educational system, to help the poorer schools in the more remote areas, where there are lesser tax values—unless there is a State educational system paid for entirely by the State and with no control by local authorities.

Mr. MAYBANK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from South Carolina?

Mr. RUSSELL. I yield.

Mr. MAYBANK. Mr. President, I am glad to have an opportunity to say to the distinguished Senator from California that certainly in the Southern States the richer counties look out for the poorer counties by means of the State equalization fund. I wish to say that the only way to help the southern people is to raise the prices of agricultural products, so that those who work the land and till the soil will have an income commensurate with that had by the people of the richer States of the Union which are so highly industrialized, as is the distinguished Senator's State, of which we are so proud.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. TAFT. One thing which interests me is that in the matter of apportionment, weight is given to the income payments of each State, with the result, for instance, that the State of Alabama receives \$2,900,000 and the State of Ohio receives \$2,600,000. In various places I have agreed to that kind of allocation. But the State of Ohio is more than twice as large and has twice as many children. In connection with the Senator's theory, I do not quite see why such an allocation is correct. If, when we reach the ultimate goal, \$400,000,000 is being spent and if the Congress is appropriating \$100,000,000 and if it has to be matched by the States on a basis of 3 to 1, it seems to me the apportionment of the \$100,000,000 should be made in exact relation to the number of children who are being reached. Otherwise Ohio will have to match on the basis 8 to 1 or something of the sort, and the expenditure actually will be in the neighborhood of \$500,000,000, \$600,000,000, or \$700,000,000, if we add all the additional money that will have to be provided by the other States.

Mr. RUSSELL. Mr. President, there may be instances in legislation where the sole factor in connection with the distribution of Federal funds is the idea of per capita distribution, but none comes to my mind at the present time. We certainly have never done it with respect to the distribution of Federal highway funds. In that connection we have a rather involved formula which takes into consideration the size of the State, the population of the State, the rural population, and various kindred matters.

There have been times when I have seen my State, which happens to be the largest State east of the Mississippi River, receiving less than other States east of the Mississippi River were receiving, and I wondered why. It was due to the factors involved in making up the formula for distribution of the funds. I do not believe there is anything unfair or unjust in—

Mr. TAFT. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. TAFT. I am now working on an aid-to-education bill, by which the State of Ohio would receive nothing. I do not object to the principle, but in this particular case I do not see how it would operate. The Senator is proposing that the whole matter be based on \$100,000,000 from the Federal Government and \$300,000,000 from the States, which will come almost entirely from the children themselves. When we once get to the point of covering the entire field, I do not see why the money should not be distributed in proportion to the number of children involved.

Mr. RUSSELL. Mr. President, since its inception this program has been based on need. If there is anyone in the world who believes that need can be met by a flat distribution on the basis of population in this country, I should like to hear his argument. There is only one way to get at the question of need. I refer to the ability to contribute to this fund on the part of those who put money into the funds which go to make up the matching quota which comes from the several States. This bill provides a formula to equalize opportunities between the children of the various sections of the country. No one should seek to deny a poor child in a poor State a lunch at school because both child and State are less able to pay than a wealthier child in a wealthy State.

Mr. TAFT. That might be a reason for Ohio contributing at a ratio of 6 to 1 in comparison to 3 to 1 in the South. It seems to me that the money should be related to the number of children involved.

Mr. RUSSELL. I do not think a program of this kind could be justified if it were not based on need. I do not think we could defend a flat distribution solely on population. I do not think it could be done with fairness. Under this bill, if any State does not utilize all its funds which have been apportioned to it, the Secretary of Agriculture can distribute those funds among the States which require additional funds. But certainly a program of this kind, which is based on need, should take into consideration the ability of the children and the parents of the children, as well as the local subdivisions of government, to contribute to a school-lunch program. I realize that I am a special pleader in that kind of a situation because I happen to represent a poor State. I am reliably informed that my State taxes itself for education more in proportion to its capital wealth than does any other State in the Union, and yet in such States as Ohio and California the teachers receive more sub-

stantial compensation than do the teachers of my State.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as part of my remarks a table showing the apportionment of funds to States on a basis of \$100,000,000 under the provisions of Senate bill 9621.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Community school-lunch program—Apportionment of funds to States on basis of \$100,000,000 under provisions of S. 9621

Alabama	\$2,944,800
Arizona	381,600
Arkansas	2,253,600
California	2,037,600
Colorado	533,200
Connecticut	496,800
Delaware	86,400
District of Columbia	187,200
Florida	1,130,400
Georgia	2,793,600
Idaho	288,000
Illinois	2,772,000

¹ Tentative. Subject to revision as later income and population information becomes available.

Indiana	\$1,540,800
Iowa	1,231,200
Kansas	878,400
Kentucky	2,700,000
Louisiana	1,886,400
Maine	417,600
Maryland	756,000
Massachusetts	1,584,000
Michigan	2,145,600
Minnesota	1,483,200
Mississippi	2,880,000
Missouri	2,001,600
Montana	266,400
Nebraska	676,800
Nevada	43,200
New Hampshire	273,600
New Jersey	1,396,800
New Mexico	518,400
New York	3,895,200
North Carolina	3,650,400
North Dakota	374,400
Ohio	2,606,400
Oklahoma	1,742,400
Oregon	381,600
Pennsylvania	4,651,200
Rhode Island	237,600
South Carolina	2,167,200
South Dakota	403,200
Tennessee	2,599,200
Texas	4,399,200
Utah	331,200
Vermont	194,400

Virginia	\$1,771,200
Washington	590,400
West Virginia	1,692,000
Wisconsin	1,533,600
Wyoming	144,000
Total	\$72,000,000

² Allows for deduction from total appropriation, according to the provisions of proposed legislation, as follows: (1) For direct apportionment to Alaska, Territory of Hawaii, Virgin Islands, and Puerto Rico, \$3,000,000; (2) for administrative expenses, not to exceed 4 percent of the total, and for purchase of commodities for direct distribution, \$25,000,000.

Mr. RUSSELL. Mr. President, I also ask unanimous consent to have printed in the RECORD at this point as part of my remarks a table issued by the United States Department of Agriculture showing the participation in community school-lunch programs receiving USDA assistance and value of USDA contribution by States July 1, 1944, to June 30, 1945.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Participation in community school-lunch programs receiving USDA assistance and value of USDA contribution by States, July 1, 1944, to June 30, 1945

State	Programs receiving indemnity payments				Programs receiving direct distribution commodities			Total		
	Schools and child-care centers ¹	Children participating ¹	Meals served free daily ¹	USDA contribution	Schools and child-care centers ¹	Children participating ¹	USDA contribution ²	Schools and child-care centers ¹	Children participating ¹	USDA contribution ²
Alabama	100	127,221	20,065	\$1,489,171	256	105,586	\$66,279	1,064	186,610	\$1,555,450
Arizona	137	25,692	2,284	301,130	137	25,692	6,871	137	25,692	308,001
Arkansas	617	78,428	10,252	904,516	570	96,687	151,438	737	115,138	1,055,954
California	979	150,728	9,997	1,691,935	5	2,000	53,715	984	152,753	1,745,650
Colorado	209	24,054	1,422	272,525	171	21,361	11,623	313	36,145	284,149
Connecticut	197	30,365	1,218	233,068	16	1,697	5,111	200	30,829	238,179
Delaware	75	11,627	1,218	150,593	75	11,627	10,741	75	11,627	161,334
District of Columbia	71	11,528	84	36,686	691	140,103	90,896	762	151,631	127,582
Florida	508	74,878	8,790	969,873	2,033	331,723	461,689	2,541	406,601	1,431,562
Georgia	1,243	173,799	25,793	2,103,673	691	140,103	90,896	1,934	313,902	2,204,569
Idaho	163	18,384	995	201,213	195	100,452	67,135	358	218,836	268,348
Illinois	1,565	316,689	21,315	2,437,528	80	30,917	44,313	1,645	347,606	2,481,841
Indiana	583	84,568	5,871	867,529	40	6,299	2,504	623	90,867	874,333
Iowa	543	61,264	4,320	580,548	357	25,426	60,152	900	86,692	640,700
Kansas	428	31,243	3,664	396,131	301	102,712	174,906	729	133,955	571,037
Kentucky	512	72,481	12,871	1,060,006	863	113,333	98,770	1,375	185,814	1,258,776
Louisiana	1,155	125,935	20,987	1,437,581	473	43,677	33,990	1,628	169,612	1,501,571
Maine	208	27,784	1,559	216,441	895	193,062	32,233	1,103	220,846	248,674
Maryland	233	35,056	6,526	273,164	502	161,211	82,755	1,005	196,267	355,919
Massachusetts	1,246	169,976	32,451	793,452	136	34,486	30,029	1,382	204,462	823,481
Michigan	1,018	190,072	9,163	1,494,170	498	151,260	58,545	1,516	341,332	1,542,709
Minnesota	946	117,682	13,512	902,007	389	49,738	111,781	1,072	167,420	1,063,522
Mississippi	604	69,166	7,233	912,903	307	64,087	71,442	911	133,253	1,044,844
Missouri	879	91,375	11,452	975,337	10	2,604	3,951	899	94,000	1,069,337
Montana	106	9,747	1,933	115,169	21	4,850	1,949	127	14,597	117,118
Nebraska	294	28,836	2,369	192,281	148	20,454	9,329	442	48,885	201,610
Nevada	26	2,360	401	27,612	203	30,144	127,482	229	32,504	157,964
New Hampshire	200	16,722	901	83,880	158	35,024	45,695	358	51,746	129,575
New Jersey	850	95,476	7,837	803,528	952	175,199	76,423	2,710	370,675	1,174,203
New Mexico	197	18,275	4,507	188,533	1,016	246,815	262,990	1,157	271,301	2,451,423
New York	1,912	385,093	40,762	2,971,632	33	3,168	3,990	385	388,261	3,012,883
North Carolina	895	176,727	17,239	2,255,659	531	91,538	30,084	1,193	207,126	1,745,028
North Dakota	382	18,044	5,322	125,182	1,121	100,072	93,094	1,414	117,585	1,097,160
Ohio	537	159,756	13,238	1,714,944	89	30,648	14,902	626	190,404	1,729,846
Oklahoma	1,170	84,305	16,292	1,004,066	324	91,649	24,087	1,494	111,955	1,026,053
Oregon	275	32,894	3,631	338,812	2,586	378,890	381,826	3,061	380,735	2,320,411
Pennsylvania	1,004	119,667	10,863	925,788	48	5,547	13,215	1,052	125,214	941,003
Rhode Island	176	21,217	684	138,694	551	145,712	124,374	1,479	187,629	1,764,276
South Carolina	1,867	183,369	28,458	1,085,555	1,891	298,019	205,070	2,642	375,202	3,141,882
South Dakota	183	12,440	3,270	167,573	198	25,067	8,786	232	42,711	318,143
Tennessee	1,165	122,863	15,770	1,639,902	496	112,008	46,114	1,662	164,022	1,803,924
Texas	2,088	224,539	30,376	2,936,803	98	24,840	14,876	507	88,495	657,097
Utah	232	42,711	1,302	308,917	1,141	103,475	113,261	1,384	119,653	853,764
Vermont	117	8,734	1,869	70,039	2	150	3,144	960	105,245	712,941
Virginia	657	85,537	11,766	909,950	50	32,560	31,901	196	90,057	306,596
Washington	409	63,655	3,711	642,221	1,728	203,787	2,412,235	1,728	203,787	2,412,235
West Virginia	988	68,024	11,304	740,503						
Wisconsin	958	105,095	8,958	709,797						
Wyoming	95	9,124	679	110,637						
Alaska	5	622	280	10,704						
Hawaii	146	57,488	3,310	274,095						
Caribbean area										
Total	32,543	4,273,195	480,189	42,047,666	22,623	3,938,016	5,796,384	43,480	6,655,458	47,844,050

¹ Participation data are for April 1945, the month when total participation was at its peak.

² Includes indemnity payments and the value of direct distribution commodities.

³ Includes 11,558 schools with a participation of 1,547,655 children and 128 child-care centers with a participation of 8,098 who applied for and received both indemnity payments and direct donations of USDA commodities.

Mr. DONNELL. Mr. President, are amendments in order at this time?

The PRESIDING OFFICER (Mr. JOHNSTON of South Carolina in the chair). The bill is before the Senate and open to amendment.

Mr. DONNELL. I send forward an amendment which I ask to have read.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 2, line 10, after the word "appropriated", it is proposed to strike out the words "out of money in the Treasury not otherwise appropriated", and insert in lieu thereof "out of the fund established under section 207";

On page 11, line 21, after the word "appropriated", to strike out the words "out of any money in the Treasury not otherwise appropriated", and insert in lieu thereof "out of the fund established under section 207"; and

At the end of the bill insert a new section as follows:

Sec. 207. The Secretary of the Treasury is authorized and directed, beginning with the fiscal year ending June 30, 1947, to deposit for each year in a special fund in the Treasury of the United States proceeds of taxes, duties, imposts, or excises in an amount equal to the aggregate of the amounts authorized to be appropriated for such year under this act. Amounts deposited in such fund shall be available for expenditure only pursuant to appropriations made under authority of this act. Any amounts remaining in the fund after the expiration of the period for which such amounts are available for expenditure shall be covered into the general fund of the Treasury.

Mr. DONNELL. Mr. President, I shall consume but little time of the Senate in discussing this amendment. It is based on the view which I presented rather extensively in connection with Senate bill 191 on December 10, 1945.

The view which I presented at that time is not entitled to be considered as an argument to the effect that this bill is itself unconstitutional without the inclusion of this amendment. I realize that this bill is, as was so clearly pointed out by the distinguished Senator from Alabama [Mr. HILL] last December with respect to Senate bill 191, merely an authorization bill. The same point may be made with respect to the ultimate appropriation bill. Nevertheless, Mr. President, I submit that the amendment which I have offered is an appropriate one, and that it should, in propriety, be adopted by the Senate to Senate bill 962.

The basis on which the amendment is presented is this: As could readily be determined from the line of inquiry which I addressed to the distinguished Senator from Georgia a few moments ago, there is no provision, so far as I know, in the Constitution of the United States under which an appropriation for the purposes sought in this bill can be made unless that provision be what is known as the general-welfare clause; namely, section 8 of article I of the Constitution of the United States. I made the point last December, with respect to Senate bill 191, that there is no general power conferred by the Constitution of the United States upon the Congress to

enact legislation for the general welfare. The only power which exists in Congress to legislate along those lines, insofar as the general welfare is not included within the powers specifically subjoined after the first sentence of section 8, lies, as I have indicated, in section 8 of article I of the Constitution.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. DONNELL. I yield.

Mr. PEPPER. Does the Senator recognize that the Congress has the authority to appropriate money for the national defense, and to provide for the security of the Nation?

Mr. DONNELL. Mr. President, in answer to the distinguished Senator from Florida, I think there are specific provisions in the Constitution which either expressly or by necessary implication confer authority on the Congress to raise armies, to carry on war, and to provide for the common defense.

Mr. PEPPER. Mr. President, the able Senator has not answered the inquiry which I addressed to him. A little while ago we discovered that approximately four and a half million men who are eligible for selective service by age were ineligible to serve their country because of mental, physical, or moral deficiencies. If the school-lunch program is for the purpose of improving the health of the boys and girls of the Nation, would it not contribute to the provision for the common defense, which is one of the cardinal fundamentals for which the Constitution was ordained and established?

Mr. DONNELL. Mr. President, in reply to the distinguished Senator from Florida, as I understand the law the Congress of the United States has no power which is not expressly or by necessary implication conferred upon it. There are distinct provisions in the Constitution which relate to the common defense. There are provisions with respect to the declaration of war, and to the carrying on of war, but there is no provision in the Constitution, as I am informed, which undertakes to authorize Congress generally to provide for the general welfare.

Mr. PEPPER. Will the Senator yield to me to ask one further question?

Mr. DONNELL. Certainly.

Mr. PEPPER. Does the Senator admit that the Congress has authority to legislate and to appropriate in aid of the national health?

Mr. DONNELL. I find nothing in the Constitution which authorizes such an appropriation, unless it be found in the portion of section 8 of article I which refers specifically to the general welfare.

Mr. BARKLEY. Will the Senator yield?

Mr. DONNELL. I shall yield in a moment. I do think there is power in the first clause of section 8 to cover the point to which the distinguished Senator from Florida refers. Nevertheless, if it be covered, it must be covered under and in compliance with the provisions of the first clause of section 8, and in a moment, after the distinguished Senator from Kentucky shall have addressed us, I shall be glad, if I may, to continue very briefly with my remarks.

Mr. BARKLEY. Mr. President, I merely wish to ask the Senator from Missouri under what provision of the Constitution Congress is specifically authorized to appropriate money out of the Treasury for relief in the case of great disasters, such as floods, fires, and earthquakes, as we have been doing for more than half a century. It might be difficult to find the specific provision in the Constitution which authorizes an appropriation to provide relief in cases of fire, or disasters such as floods and earthquakes, and other things, not only in the United States, but even in other countries. We have for more than half a century been appropriating money for those purposes without being required specifically to give by metes and bounds the limitations of the Constitution. Under what authority have we been doing that?

Mr. DONNELL. I know of no authority under which Congress can do it, notwithstanding the fact that it has been done; and I agree that it has been done. There is no provision in the Constitution of the United States to which, as I see it, attention could be called, authorizing an appropriation for relief in the case of floods or other disasters, save only under the general-welfare clause. I think that there is adequate provision under the general-welfare clause, provided the funds so used are derived solely from taxes, duties, imposts, and excises, to cover the situation to which the distinguished Senator from Kentucky refers.

Mr. WILLIS. Mr. President, will the Senator from Missouri yield?

Mr. DONNELL. I yield.

Mr. WILLIS. Is the Senator from Missouri conversant with the statement made by former President Grover Cleveland in vetoing a relief bill, that he could find nothing in the Constitution which permitted him to take the taxes of one group of people and give them to another?

Mr. DONNELL. I am not familiar with that reference, and I thank the Senator from Indiana for advising me of it.

Mr. President, the point which I make is, not that Congress is without power to provide for the general welfare. I make no such point as that. My point is, in substance, merely that Congress has no power to provide for the general welfare unless it does so under the provisions and the limitations of the first clause of section 8 of article I of the Constitution of the United States. To my mind that section gives adequate power, and permits Congress, within the limits therein specified, to make appropriations of the type to which I refer.

Mr. President, I was saying a few moments ago that as I understand the law, the Congress of the United States has no power unless it is found either expressly or impliedly within the Constitution of the United States. The Federal Government is not a government of unlimited powers, it is a government of limited powers, and the Federal Government of itself possesses no power independently of the Constitution of the United States.

Indeed, Mr. President, so careful were the framers of the amendments to the

Constitution to make sure that there should be no misunderstanding on this point that the tenth amendment provides expressly—

The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.

Mr. President, what is it that has been delegated to the Congress to do in respect to provisions for the general welfare? As I have said, there is no provision in the Constitution which even mentions general welfare save the first clause of section 8 of article I. It may be suggested, as indeed it has been by notable individuals in the past, that the preamble of the Constitution of the United States, by the use of the term "general welfare," itself indicates that Congress is possessed of the power to legislate generally for the general welfare. But that has not been the view taken by lawyers or by courts. The Supreme Court of the United States, in 197 United States, at page 11, speaking through Mr. Justice Harlan, said, in the case of *Jacobson against Massachusetts*:

Although, therefore, one of the declared objects of the Constitution was to secure the blessings of liberty to all under the sovereign jurisdiction and authority of the United States, no power can be exerted to that end by the United States unless, apart from the preamble, it be found in some express delegation of power or in some power properly implied therefrom.

Story on the Constitution, volume 1, section 462, says this:

Although that preamble indicates the general purposes for which the people ordained and established the Constitution, it has never been regarded as the source of any substantive power conferred on the Government of the United States or on any of its departments.

So, Mr. President, as I see it, under the holdings of the courts, the highest court in our land, and under the views taken by eminent lawyers such as Mr. Justice Story, it is clearly proved that the preamble of the Constitution of the United States does not confer upon Congress, or upon the Government itself, the general, unlimited power to which the distinguished Senator from Kentucky referred, to appropriate money generally for the general welfare, unless that authority can be found in the Constitution specifically or by necessary implication.

Mr. President, I have searched the Constitution. The distinguished Senator from Georgia declined a few minutes ago on three separate occasions to undertake to say under what clause of the Constitution an appropriation of this type is permissible.

I wish to make clear again, Mr. President, that I am not saying that this authorization bill is invalid because of the fact that it does not provide from which fund the appropriations ultimately shall be made. I do say, and I repeat, that it is appropriate to place in the bill a distinct statement, so that we may all know when we vote upon the bill, as to the funds from which these appropriations shall ultimately be made.

Mr. President, what is the provision of the Constitution of the United States with respect to the general welfare?

Section 8 of article I, to which I have referred, reads, in part, as follows:

The Congress shall have power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States.

It has been distinctly held by the Supreme Court of the United States in the *Butler* case, in Two Hundred and Ninety-seventh United States Reports, that:

The view that the clause grants power to provide for the general welfare independently of the taxing power has never been authoritatively accepted.

The Supreme Court of the United States says in the same case:

The true construction undoubtedly is that the only thing granted is the power to tax for the purpose of providing funds for payment of the Nation's debts and making provision for the general welfare.

Mr. President, the amendment which I have proposed this afternoon undertakes to carry into effect the provisions of this article and section of the Constitution. It undertakes to set up a fund. I quote from my amendment:

The Secretary of the Treasury is authorized and directed, beginning with the fiscal year ending June 30, 1947, to deposit for each year in a special fund in the Treasury of the United States proceeds of taxes, duties, imposts, or excises in an amount equal to the aggregate of the amounts authorized to be appropriated for such year under this act. Amounts deposited in such fund shall be available for expenditure only pursuant to appropriations made under authority of this act. Any amounts remaining in the fund after the expiration of the period for which such amounts are available for expenditure shall be covered into the general fund of the Treasury.

So, Mr. President, the amendment and the subordinate, ancillary portions of the amendment, which I have offered, carry into effect this provision of the Constitution of the United States. It enables Congress to authorize the appropriation of funds for general welfare, but solely from the specific portions of the revenues of our country which are recognized in section 8 of article 1 as the only sources from which appropriations for general welfare may be made, namely, taxes, duties, imposts, and excises.

Mr. President, I shall not press this point more extendedly. I went into it fully last December, and my views are set forth in the CONGRESSIONAL RECORD, volume 91, part 9, pages 11725 and following in the proceedings of the United States Senate of that date.

I desire to say, however, that this is not merely a technical captious point. In the first place, the appropriation, if it shall ultimately be made in pursuance to this authorization bill, cannot, as I see it, under the Constitution of the United States, be validly made unless that appropriation is limited to a fund derived from taxes, duties, imposts, and excises.

In the second place, Mr. President, there is sound reason why appropriations should not be made for the general welfare unless, as I have indicated, the objective sought to be attained is included in the specific powers subjoined

under the welfare clause. There is good reason, I say, why such an appropriation for general welfare should not be made from sources other than taxes, duties, imposts, and excises, and that reason, Mr. President, is the fact that it is very wholesome indeed that this Nation should confine itself, so far as is possible, to its revenues for the objects of its expenditures.

I realize that in time of war, in time of great public disaster, there may be occasions when the Federal Government necessarily must resort to tremendous issues of bonds, as it has done, when it must increase the national debt, as it has done, until it is now, as I recall, approximately \$280,000,000,000. There is adequate constitutional authority to increase the national debt for the defense of our country, for the maintenance of armies, and for the prosecution of wars; but, Mr. President, when in time of peace we come to consider subjects such as the school-lunch program—and I want to say that I have no opposition to the purpose of this bill; I am for a proper school-lunch bill, and think it is a good thing—it is very easy, unless the Congress of the United States shall recognize the limitations of its powers, to expend \$400,000,000 here, \$500,000,000 there, \$2,000,000,000 some place else, and \$500,000,000 in some other direction. And, Mr. President, how can it be done? Only by deficit financing.

I say that the time has come when the Congress of the United States should have brought back to it the realization that just as in the case of an individual, it behooves our Nation to confine itself within its revenues. This amendment of mine does not mean that every dollar that is paid out in school-lunch funds shall be derived in the same year in which it is paid out, from taxes, duties, imposts, or excises. There is a provision in the amendment, as I have indicated, for the setting up of the fund, and a provision for the return into the Treasury of moneys unexpended. But, Mr. President, my amendment undertakes to make Congress mindful of the fact that in these vast extensions of United States Federal Government functions we should confine ourselves within the limits of the Constitution of the United States, so that we shall not go into the ramifications and tremendous possibilities of deficit financing for the carrying on of projects which we have no power to carry on same only under the so-called general-welfare clause.

So, Mr. President, first on the ground that ultimately an appropriation cannot be validly made by the Congress for the purposes embraced by this measure unless the appropriation shall be limited to funds derived from the taxes, duties, imposts and excises; and, second, on the ground of sound public policy—sound public policy which would direct us to habits of industry and frugality and a policy of pay-as-you-go—I submit that my amendment should be adopted. We should not carry on, to an unlimited extent, all these vast projects of governmental expenditures by deficit financing.

Mr. President, I do not desire to consume longer the time of the Senate. I realize that the Senate passed upon this matter in connection with S. 191, but I deem it my privilege at this time to present again the point, and I urge at this time the adoption of the amendments which I have proposed, and which with my consent and with that of the Senate may be treated as one amendment, for the purpose which I have attempted to indicate.

Mr. ELLENDER. Mr. President, has the Senator any idea how much, by way of taxes, is obtained each year from the sources he has just specified?

Mr. DONNELL. I do not, Mr. President.

Mr. ELLENDER. If the Senator's amendment should be adopted would it not sound the death knell to this bill?

Mr. DONNELL. Mr. President, I do not know the effect. My judgment is that there are ample funds flowing into the Treasury from taxes, including income taxes, duties, imposts, and excises, to pay for a vast number of public enterprises of one kind or another. But, if it is indeed true that under existing revenue laws there is not sufficient money coming in from these sources, that in itself is a strong warning to our country to begin to haul in our sails and to prepare ourselves so that we will not engage year after year in deficit financing. If there is not sufficient money coming in by way of revenue, if sufficient money cannot be raised by revenue, then we had better know that fact.

The PRESIDING OFFICER. Is there objection to the request made by the Senator from Missouri that his amendments shall be acted on en bloc? The Chair hears none, and it is so ordered.

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Hart	Pepper
Austin	Hatch	Radcliffe
Bailey	Hayden	Reed
Ball	Hickenlooper	Revercomb
Bankhead	Hill	Robertson
Barkley	Hoey	Russell
Bilbo	Huffman	Saltonstall
Brewster	Johnson, Colo.	Shipstead
Bridges	Johnston, S. C.	Smith
Briggs	Knowland	Stanfill
Buck	La Follette	Stewart
Bushfield	Lucas	Taft
Butler	McCarran	Thomas, Okla.
Byrd	McClellan	Thomas, Utah
Capper	McFarland	Tobey
Carville	McKellar	Tunnell
Chavez	McMahon	Tydings
Cordon	Magnuson	Vandenberg
Donnell	Maybank	Walsh
Ellender	Mead	Wheeler
Ferguson	Millikin	Wherry
Fulbright	Mitchell	White
George	Moore	Wiley
Gerry	Morse	Willis
Gossett	Murdock	Wilson
Green	Myers	Young
Guffey	O'Mahoney	
Gurney	Overton	

Mr. HILL. I announce that the Senator from Virginia [Mr. GLASS], and the Senator from New York [Mr. WAGNER] are absent because of illness.

The Senator from Florida [Mr. ANDREWS] is necessarily absent.

The Senator from California [Mr. DOWNEY], the Senator from Mississippi

[Mr. EASTLAND], the Senator from West Virginia [Mr. KILGORE], and the Senator from Texas [Mr. O'DANIEL] are detained on public business.

The Senator from Montana [Mr. MURRAY], and the Senator from Idaho [Mr. TAYLOR] are absent on official business.

The Senator from Texas [Mr. CONNALLY] is absent on official business as a representative of the United States to the General Assembly of the United Nations.

Mr. WHERRY. The Senator from Illinois [Mr. BROOKS] is recovering from a recent operation.

The Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate on official business of the Small Business Committee, of which he is a member.

The Senator from New Jersey [Mr. HAWKES] is necessarily absent.

The PRESIDENT pro tempore. Eighty-two Senators have answered to their names. A quorum is present.

Mr. DONNELL. Mr. President—

Mr. BARKLEY. Mr. President—

Mr. DONNELL. I yield to the Senator from Kentucky.

Mr. BARKLEY. I wish the floor in my own right. I thought the Senator had yielded the floor.

Mr. DONNELL. No. Let me say to the Senator from Kentucky that in view of the fact that so few Senators were present when the amendments were offered that I thought I should make a brief statement. However, if the Senator wishes the floor, I shall yield to him.

Mr. BARKLEY. No; I thought the Senator had finished.

Mr. DONNELL. I had finished, except for the quorum call.

Mr. BARKLEY. I hope it will not be necessary to have another quorum call after the Senator finishes this time.

Mr. DONNELL. I hope not.

Mr. President, the occasion for the vote which is about to be taken is the presentation of an amendment to Senate bill 962. A few moments ago I stated to Senators who were present in the Chamber the view on which the proposed amendment is based. I ask the indulgence of the Senate for a few minutes, in view of the fact that a very considerable number of Senators are now present who were not present at that time, to state the basis on which the amendment depends.

The bill is entitled: "A bill to provide assistance to the States in the establishment, maintenance, operation, and expansion of school-lunch programs, and for other purposes."

The distinguished Senator from Georgia [Mr. RUSSELL], when on his feet earlier this afternoon, was interrogated by me as to the specific provision of the Constitution of the United States on which the bill depends. I should more correctly have asked upon which an appropriation made pursuant to the bill would depend.

Mr. President, I have offered three amendments, but they are all designed for the same purpose and may be considered together. They are as follows:

On page 2, lines 10 and 11, to strike out the words "out of money in the Treasury not otherwise appropriated" and insert in

lieu thereof the words "out of the fund established under section 207."

A similar amendment is proposed on page 11, lines 21 and 22.

At the end of the bill I propose to insert a new section, to read as follows:

SEC. 207. The Secretary of the Treasury is authorized and directed, beginning with the fiscal year ending June 30, 1947, to deposit for each year in a special fund in the Treasury of the United States proceeds of taxes, duties, imposts, or excises in an amount equal to the aggregate of the amounts authorized to be appropriated for such year under this act. Amounts deposited in such fund shall be available for expenditure only pursuant to appropriations made under authority of this act. Any amounts remaining in the fund after the expiration of the period for which such amounts are available for expenditure shall be covered into the general fund of the Treasury.

Mr. President, the theory of this amendment is that the only possible basis on which the bill can depend is that it involves a contribution to the general welfare of the United States. If that be true, if that is the only basis upon which the bill can depend, the only authority for the appropriation which would ultimately be made is that contained in section 8 of article I of the Constitution of the United States, which reads, in part, as follows:

The Congress shall have power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States.

The proposition to which I address myself is that the Government of the United States being one of limited powers, and the Congress of the United States being a body of that government of limited powers, there is no power to legislate generally for the general welfare of the United States, save only as that power is derived from section 8 of article I, from which I have read an excerpt. There are certain specific powers leading, of course, to the general welfare, which are subjoined in section 8 below the portion to which I have referred. Congress has power for illustration, to establish post offices and post roads. The mere fact that that contributes to the general welfare of the United States does not deprive the Congress of the United States of the right to establish such offices or roads, but as I have indicated, the power so to do is derived from an express provision contained in so many words subjoined below that portion of section 8 which I have read in exact words.

Mr. President, if the pending measure is based upon the proposition that it provides for the general welfare of the United States, there is no provision in the Constitution which even mentions the general welfare, save only the first clause of section 8 of article I, to which I have referred.

I pointed out earlier this afternoon that although the expression "general welfare" appears in the preamble to the Constitution, it has been held from time to time, and is uniformly admitted by both the courts and by distinguished writers, that the preamble carries no legislative power whatsoever and grants no legislative power.

I wish to read one sentence which I mentioned a while ago, from Story on the Constitution, volume 1, section 462. The learned justice said:

Although that preamble indicates the general purposes for which the people ordained and established the Constitution, it has never been regarded as the source of any substantive power conferred on the Government of the United States or on any of its departments.

So, Mr. President, we come to section 8 of article I of the Constitution as the sole basis on which an ultimate appropriation for this school-lunch program can be made. I wish to say in passing, so that there may be no doubt about this matter, that I am not opposed to a school-lunch program. I think it is entirely possible to carry into effect the beneficence of such a program and to do so entirely in accordance with the provisions of the Constitution of the United States, but when we adopt legislation later on to make the necessary appropriation I think we must bring ourselves within the provisions of section 8 of article I to which I have referred.

Mr. President, the language I have read from section 8 clearly, as has been determined by the courts more than once, does not grant a separate power to provide for the general welfare of the United States. The Supreme Court, speaking in the *Butler* case in 1935, said:

The view that the clause grants power to provide for the general welfare independently of the taxing power has never been authoritatively accepted.

The Court further said in the same case:

The true construction undoubtedly is that the only thing granted is the power to tax for the purpose of providing funds for payment of the Nation's debts and making provision for the general welfare.

So, Mr. President, we are confronted by the fact that Congress is without power to make a general appropriation for general welfare, save only under the provisions of section 8 of article I which limit the sources from which the expenditures may be made, stating that they may be made only from taxes, duties, imposts, and excises.

The purpose of the amendment I have offered is to accomplish that very thing. A little while ago the distinguished Senator from Louisiana asked whether I knew of the amount of money that it is estimated will come into the Treasury at the current time. I take it, he meant by way of taxes, duties, imposts, and excises. I was unable to answer his question at the moment, although I recall that the distinguished Senator from Alabama [Mr. HULL], speaking last December, very kindly gave us figures which in the interim this afternoon I have located. The distinguished Senator from Alabama pointed out that the estimated receipts from income taxes, excise taxes, and customs duties for the year 1946 are \$37,868,430,000, that the estimated receipts for the last year—1945—were \$41,932,890,000, and that for 1944, the actual figures for receipts from those specific sources, which are the sources referred to in section 8 of article I of the Constitution, were \$40,377,143,079.

So, Mr. President, the amendment to which I have referred, and which I have offered this afternoon, does not undertake to limit the expenditure of these funds to a minute, infinitesimal fund which may be found in some corner of the Treasury. There will be on hand, according to this estimate, thirty-seven-billion - eight - hundred-and-some-odd-million dollars, which will be available from the sources of taxes, duties, imposts, and excises.

Mr. President, my proposition is not based on a mere technicality. In the first place, I am one of those who believe that the observance of the Constitution of the United States is in itself not a mere technicality. I take it that the Congress of the United States, including all Senators, are bound by obligations to support and maintain the Constitution. While there may be differences of opinion as to what the Constitution may mean or what may have been in the minds of those who drafted it, nevertheless, agreeing—if we do—that this is the only provision which authorizes the expenditure of funds for general welfare purposes, I undertake to say that it is our duty under the Constitution, and not as a matter of a mere technical obligation on our part, to see to it that the appropriations for these purposes shall be held closely within the limit of taxes, duties, imposts, and excises, which are the only sources of funds under section 8 of article I of the Constitution from which a general appropriation of funds for the general welfare can be made.

Earlier this afternoon the distinguished Senator from Kentucky [Mr. BARKLEY], the majority leader, inquired as to the source of authority for paying moneys for relief in the event of a great disaster of some kind. I undertake to say that the same principle to which I have adverted this afternoon applies in such cases, and the mere fact that in the past the Congress may not have followed the provisions of the Constitution by limiting the appropriations to funds coming from the sources mentioned in section 8 of article I does not mean that we have the right to disregard that provision of the Constitution.

Mr. President, not because this bill, which is a mere authorization bill, will be unconstitutional without the inclusion of the amendment which I have caused to be prepared, but because the ultimate appropriation must be confined to an appropriation of funds coming from the sources I have mentioned, I submit that it is within the bounds of propriety that we should include within the bill itself a distinct provision showing the intent to pay those moneys from those sources exclusively.

The second point I have made this afternoon—and I repeat it now—is that, not merely from the standpoint of constitutional law, not merely from the fact that we are a body having limited powers, not merely from the fact that we have no authority to make any general provision for general welfare unless the funds shall be paid from taxes, duties, imposts, and excises, but from the standpoint of sound public policy it behooves us to see to it that we shall confine expenditures of this

type within constitutional limits. I say that for the reason that we have seen the necessity in our country, very largely because of the great war in which we have been engaged, of having our debt mount to approximately \$280,000,000,000, as I believe it now is. We have seen that done. We have seen it done, I take it, in large part by constitutional means, in the preservation of our Nation in prosecuting the war.

But when in time of peace hospital bills, school bills, school-lunch bills, and many other bills which have beneficent purposes are brought before us, in the first place it behooves us to see to it that we shall not indefinitely finance operations of this kind by means of deficit financing, by the expenditure of moneys derived from the sale of bonds, by the indefinite expansion of our credit, not only creating inflation, but ultimately bringing about disaster, to our country, unless we call a halt to it.

So Mr. President, in offering my amendments I say that they are based, first, upon sound constitutional principles, as I view them. Secondly, they are based upon the equally sound financial proposition that we in the Senate should see to it that the funds to be provided for purposes of this kind shall not be derived from deficit financing, but shall be taken from the only sources from which, under the Constitution of the United States, such moneys may be legitimately paid.

So, Mr. President, I have presented my amendment—in fact, three amendments, which I have indicated may be treated as one—and I thank the Senate for its attention to this further statement of my position.

The PRESIDENT pro tempore. The question is on agreeing to the three amendments offered by the Senator from Missouri [Mr. DONNELLY], which are to be considered en bloc.

Mr. BARKLEY. Mr. President, I do not wish to detain the Senate for more than a few minutes, and I do not wish to engage in an extended argument relative to the question presented by the Senator from Missouri. To my mind, it would be almost incredible that the Senate should adopt the amendment proposed to the bill by the Senator from Missouri. In the first place, it is unnecessary, even in compliance with the Constitution as interpreted by the Senator from Missouri. In the next place, it has never been adopted as a policy of Congress, when appropriations of this kind are authorized or even made, that the Congress should set up in the Treasury a special fund for the purpose of consummating the authority or the appropriation.

I wish to refer to section 8 of article I of the Constitution merely by way of interpretation, even under the narrow and restricted interpretation given to it by the Senator from Missouri. Section 8 enumerates the powers of Congress. Among those powers is the power to borrow money on the credit of the United States. That is all it says on the subject. It does not say for what purposes money may be borrowed, but we may assume that the Congress has authority to borrow money on the credit of the United

States for any purpose for which it has authority to appropriate money. But the language of the Constitution is without limit or restriction as to the purposes for which money may be borrowed.

If we may paraphrase the first paragraph of section 8 of article I of the Constitution, which I think is not inappropriate, in order to find out what it means, we might read it this way—skipping the part about paying the debts:

Congress shall have power to lay and collect taxes, duties, imposts, and excises for the purpose of providing for the common defense and for the purpose of providing for the general welfare of the United States.

Then it goes on to provide that all taxes, and so forth, shall be uniform.

The Congress is authorized, by that first paragraph of section 8 of article I, to provide for the common defense of the United States; that is to say, the Congress can raise an Army and a Navy and can indulge in whatever expenditures may be necessary in order to provide for the common defense of the United States.

In order to pay for those expenditures for the common defense we are authorized to lay and collect taxes. Those two clauses are not joined together like the Siamese twins. Not only has Congress the power to provide for the common defense of the United States, but to provide for the general welfare of the United States, and in consequence of that power, to lay and collect taxes for those purposes, and also to pay any debts which may be incurred.

The language does not say that Congress must set aside a special fund in the Treasury out of taxes, imposts, and excises for any particular purposes. There is no requirement that a special fund must be set aside in the Treasury out of anything which the Government collects in the way of taxes, or anything else, to perform a particular function for which Congress may provide. If, under the Constitution, we are required to set aside a special fund out of taxes in order to provide for the general welfare, and the Senator from Missouri admits that we have a right to provide for the general welfare, then we are likewise required to set aside a special fund in the Treasury to provide for the common defense.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. BARKLEY. I shall yield in a moment.

Mr. President, no one has ever contended that we should do that, and it has never been done. No one ever raised the question of the propriety of not doing it for the common defense of the United States and under section 8, paragraph 1, the common defense, the general welfare, and the payment of public debts are all put on an equal basis, and with equal authority. There is no distinction to be drawn between them.

I now yield to the Senator from Missouri.

Mr. DONNELL. Mr. President, does not the Senator from Kentucky believe that in the case of common defense there is a special provision further down in the constitutional provision to which he has referred, giving Congress first the power to declare war, second, the power to raise

and support armies, and third, the power to provide and maintain a navy? Those distinct provisions are in the Constitution.

Mr. BARKLEY. Oh, yes; they are there, but they are only in amplification of the provision in the first paragraph of section 8 providing for the common defense. The common defense may be provided for by an army or by a navy; those are particularizations of the manner in which we may provide for the common defense.

Mr. DONNELL. Under the first clause of section 8 of article I, it is true that Congress shall have the power to lay and collect taxes, duties, imposts, and excises, to pay debts, and provide for the common defense and general welfare of the United States. However, is it not also true that the only provision in the Constitution with respect to the general welfare is that in the sentence which I have just read, whereas the power to lay and collect taxes, and thus provide for armies, and thus provide for the common defense, and thus provide for and maintain a navy, are created by express powers? Consequently, of course, Congress would have the power, under this language, to lay and collect taxes, duties, imposts, and excises, and so forth, but there is no provision in the Constitution which mentions the words "general welfare," except as may be declared by one of the courts. I read the following language from Professor Rottschaefer, of the University of Minnesota. He cites the Butler case, and then continues:

It is merely a specification of one of the purposes for which Congress may lay and collect taxes and for which it may appropriate the moneys raised by taxation, and constitutes a limitation thereon.

Mr. BARKLEY. Mr. President, I contend that if there were no further reference later on in section 8 about raising an army, or providing for a navy under the provisions of paragraph 1 authorizing Congress to provide for the common defense, we could raise an army as large as we wanted, or raise a navy as great as we wanted, because when Congress is authorized to provide for the common defense it is authorized to do whatever is necessary to provide for the common defense, and even if it were not mentioned in later language, we could raise an army and provide for a navy or do anything else necessary to provide for the common defense. Therefore, those later references are only amplifying provisions in the first paragraph of section 8, article I of the Constitution.

Mr. DONNELL. Why was it necessary or advisable to set forth distinct and specific provisions authorizing the Congress to declare war, raise and support armies, and provide for the maintenance of navies?

Mr. BARKLEY. Of course, the Senator knows that in writing language, its authors who are anxious that there may be no misunderstanding sometimes amplify and particularize. But the fact that they incorporate a specific provision authorizing the Congress to provide an Army or Navy does not in any way take away from the first paragraph of the section the power which Congress would have to provide for the common

defense in any way it might see fit to do so, even if the language specifically empowering them were not present.

Mr. President, I promised that I would not go into a constitutional argument, and I shall not do so. I hope the amendment will be defeated because it is not necessary. The Constitution does not require it. If, when we undertake to provide lunches for children who cannot otherwise provide for themselves proper nutrition, we adopt amendments such as the one now proposed, we will establish a precedent which will plague us for days to come, because appropriations for the general welfare, or the common defense, or for the payment of debts would require that we set aside a fund for that purpose. I hope the amendment will be defeated.

The PRESIDENT pro tempore. The time having arrived to vote on the three amendments en bloc, the question is on agreeing to the amendments offered by the Senator from Missouri [Mr. DONNELL].

The amendments were rejected.

The PRESIDENT pro tempore. The bill is still before the Senate and open to amendment.

Mr. TAFT. Mr. President, I offer an amendment on page 2, line 12, after the word "exceeding", to strike out \$100,000,000 and insert "\$57,500,000."

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Ohio.

Mr. TAFT. Mr. President, I have listened with interest to the argument of the Senator from Missouri [Mr. DONNELL] and to the argument of the Senator from Kentucky [Mr. BARKLEY]. I believe that we have a gage, long established in the general practice of State-aid programs by which the Federal Government assists the States, which makes it too late to question the possibility or the constitutionality of this particular program. I do not see any advantage of fixing our bookkeeping, so to speak, so that these appropriations will be paid out of taxes, and we will borrow money for some other constitutional programs which are directly authorized by the Constitution. If we could, by that means, eliminate all deficits, there would be very much to be said in its favor. I believe, however, as the Senator from Missouri has pointed out, that there is no express constitutional authority for these State-aid programs, but we have gradually drifted into them. In all of them the Federal Government is assuming to put up Federal taxes for functions which are primarily those of the States, and localities concerned. Theirs is the primary responsibility, under the Constitution, for education. Theirs is the primary responsibility for help. Theirs is the primary responsibility for housing, and for all the social welfare activities in which Government today is engaged.

The question which has concerned me for a number of years is, What is the justification for, and under what circumstances should the Federal Government interest itself in helping the States to do the things which they are authorized to do and, under the Constitution, are primarily responsible for doing?

I think it may be said that the Federal Government is interested in all matters, but that its obligation is secondary, and it has the right to help the State when it is necessary to do so. I believe, however, there are certain conditions which should be attached to any assistance to be given the States. In the first place, I think we should make fairly certain that the States cannot do the work themselves. If they can do it, I think theirs is the responsibility for doing it.

Today the States and local governments raise approximately \$10,000,000,000 annually for the purpose of paying their expenses. Their power to tax is limited. It is limited not so much by law or by actual circumstances. When the Government gets to a point where it is taking 25 percent of the national income, the large sources of taxation must be personal and corporation income.

No State can very effectively reach those incomes, because if the taxes of a given State become very much higher than those of other States, the people with the large incomes leave that State and go elsewhere, to Florida, perhaps, where there is no tax on incomes. If one State taxes corporations at rates higher than other States do, they are likely to build their next plant on the other side of the State line. We had that situation very clearly before us in Ohio and Pennsylvania when there was question as to where new steel plants were to be built. So there is a practical limit on the States' ability to tax and to raise money.

As the activities we are considering become of more importance, the only practical way in which they can be handled is by some Federal assistance. There are various matters in which the States are not able to go further. We had the most typical example in the relief situation, and we might have it again. A vast amount of unemployment creates conditions which the States are unable to handle. The States always have been responsible for poor relief and relief of all kinds, but the burden was so much greater than they could possibly meet that the Federal Government stepped in and helped them. In other fields we see the same thing, particularly in fields where a State has never operated. There is difficulty in the State increasing its revenues.

I opposed in part the program of Federal aid to general education, because State systems are generally tuned up to the support of education and payment for education. That is one thing the State tax systems have been built up to take care of, to a large extent, perhaps not completely, but nevertheless more so than as to other matters.

In health programs the States have not been very much accustomed to spending State and local money in such volume as is required for a complete health program. They have never spent much money on housing. So that there are fields in which the States cannot very well expand without upsetting existing services in which they are primarily interested.

The first requirement of any program is, I think, that we must be fairly sure that the State cannot carry it on. I

have some doubt about this lunch program on that ground. The amount involved is not large. If the bill provided for \$100,000,000, the State of Ohio would get only \$2,600,000, and we are spending more than \$100,000,000 on education. It would not be very difficult to squeeze out a little more money for school lunches. Yet, of course, it is true that the States never have spent money on school lunches, and are not spending any today. There may be some justification, therefore, for going into that field.

In connection with these matters the primary interest of the Federal Government must be in helping those who cannot help themselves, that is, not in helping everyone in the States, but helping those who do not have enough income to help themselves. Personally, I believe we should take an interest in seeing that the States provide a floor under subsistence, under housing, and under health. Education is already provided for to a large extent. It seems to me there is another requirement, however, that is, if we are to help the States, they will have to take an interest. They should take the initiative in the proposition. They should put up some money. So far as I can see, under the bill the States are not to do a great deal.

In connection with the housing bill the distinguished Senator from Louisiana [Mr. ELLENDER] has insisted that if any community wants a low-rent housing project for the poor people of the State, the State and the governing body of the locality affected shall take the initiative. Of course, under the housing bill they must put up, in the form of tax exemption or otherwise, at least 20 percent of the total money which is expended. The State must have the administration, or we will have Federal bureaus all over the country. It seems to me obvious that the State must put up some money, it must show it does take an interest by putting up money, it must take the initiative, and it must have the administration of the program.

By that test I am also rather doubtful about the bill, because under the plan described by the distinguished Senator from Georgia [Mr. RUSSELL] it is not clear that the States or localities are going to put up a cent to match the Federal money. They are supposed to put up \$1, and later \$3, for every dollar of Federal money, but the statement is that each dollar should be matched "during such year by \$1 from sources within the State determined by the Secretary to have been expended in connection with the school-lunch program under this title."

The Senator from Georgia says the bill is intended to include the money school children pay for their own lunches, so that most of the matching that is done comes from school children or their parents. It does not come from the State; it does not come from the local school district. In some States local school districts do not put up a penny. In some places they do. I imagine that if they get up to a 3-to-1 matching basis, they will have to put up some money, but there is no real evidence of that fact.

Mr. President, there is one other requirement, namely, that the total amount of money expended by the Federal Government in helping the States should not be so great as to cause a deficit to be incurred by the Federal Government or reach such a figure as to impose an excessive tax burden on the citizens of the country. We have to remember that if the States cannot raise the taxes, cannot devise a taxing system to pay for these activities, it has been 15 years since the Federal Government has been able to devise a tax system under Federal law by which it can pay the expenses of the Federal Government. We hope we are coming to a day when that condition will not exist, but it is not at all certain that practical limitations on the Federal Government are not such as to make it impossible to spend the amount of money we seem to be planning to spend.

The next consideration is that when we approach State-aid programs we have to approach them with a view of making them as limited as possible, not spending more than we have to spend. I think we should have found out long ago what the fields are with which we are going to deal. There are bills in the Senate, in different committees, calling for the Government to pay three or four billion dollars a year for State aid under various projects. I do not consider that that can possibly be done. Under the absolutely essential requirements of the Government, our expenditures will be fairly close to the amount of money raised under the present tax system, and I have not seen how we could add three or four billion dollars of Federal expenditure in aid to States and hope to hold the tax system to figures which will not be so burdensome as absolutely to destroy the very industries from which the taxes must ultimately come.

Mr. President, I think the most important field of all with which we are concerned is health. I think that before we get through the Federal Government will have to appropriate a considerable amount for aid to the States in health programs. I think we are going to have to do something to help the situation in those States which are unable to provide proper education for their children. I think particularly the situation with the colored children in the South is one with which the Federal Government will have to concern itself. I believe very strongly we should concern ourselves with housing.

It seems to me that the hundred million dollars provided in the pending bill is out of all proportion to the rest of the program. As I see it, we cannot afford to spend more than half a billion to a billion, as little more than half a billion as possible, in these new State-aid programs, and it appears to me that \$100,000,000 for this particular program is entirely out of proportion to the total scale of spending for State-aid programs which apparently are to come before us.

The whole housing program, covered in the bill introduced by the distinguished Senator from New York [Mr. WAGNER], the Senator from Louisiana [Mr. ELLENDER], and myself will cost the Federal Government, I estimate, less than \$150,000,000 a year, and certainly

the housing of the poor people of this country is of much greater importance than providing lunches for the school children. After all, that really is part of a general health program. If it may be justified at all, it can be justified as part of a general health program, and it is only one feature of a general health program.

We are concerned about the health of children; we are concerned about the health of adults; we are concerned about adequate hospital service. When the hospital bill was before the Senate, the total appropriation was \$100,000,000, and we cut it down to \$75,000,000 merely because we could not foresee what the total program was going to be. We have various extensions of the Public Health Service. There are all sorts of public-health activities for which the Surgeon General estimates a requirement of \$700,000,000 a year. I think we can provide for them for two or three hundred million dollars, and I do not mind including in that something for school lunches, as part of a general health program. But I think the hundred million dollars in the bill before us is out of all proportion to the other matters which the Congress is going to be called upon to do.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. RUSSELL. The Senator says he can appreciate the fact that the school-lunch program is a part of the health program. I am sure he will also agree that it assists in the general educational program, because a child that has a good lunch naturally is more receptive to teaching than one that has not.

Mr. TAFT. I think the relation to education is rather remote. I think it really must be justified on the ground of its relation to the health program.

Mr. RUSSELL. I shall not argue that, but I want to point out to the Senator that if his amendment were to prevail, not only would he freeze the present school-lunch program where it is in the States, but the funds he would allow would not even be sufficient to carry on the present program.

The Senate has already on another occasion in a deficiency bill adopted an amendment increasing the appropriation by \$15,000,000. It was clearly demonstrated that amount would be necessary to carry on the program in the schools where it already is operating at the present time. And certainly it would seem to me unfair to discriminate against schools which have not heretofore gone into the program, by forbidding any expansion in the future. Now under the accelerated State contribution required by the bill and the \$100,000,000 authorization we can soon reach all the schools. But if the amendment offered by the Senator were to prevail, those who have been awaiting enactment of statutory authority and who are anxious to have the school-lunch program, would be absolutely denied any Federal aid whatever.

Mr. TAFT. Let me suggest a way in which they can get the money. Today there is not a State in the Union that is putting up any State money, so far as I know, for a school-lunch program.

Mr. RUSSELL. The Senator is absolutely in error in making that statement. I did not correct him a few minutes ago when he made a similar statement. There are, however, a number of States which make a specific appropriation for that purpose. My own State makes a modest appropriation for that purpose. We make a specific expenditure out of State funds in each year. I know there are other States that make specific appropriations for that purpose. They are compelled to defray all the cost of supervision and administration within the State, and some of the States make additional appropriations for the purpose of the lunch program generally.

The Senator has stated, I think, in broad outlines a very fine formula for State grants in aid, but I cannot for the life of me see why he should want to circumscribe a philosophy of expansion such as this bill provides, by defeating an increase of funds from other than Federal sources.

Mr. President, it seems to me that we ought not to quibble so much over the relatively small amounts of money involved. The Congress of the United States, without batting an eye, appropriated \$2,700,000,000 for UNRRA. That money goes overseas. There is nothing about UNRRA in the Constitution, I might say to my friend the Senator from Missouri, who said that there was nothing about school lunch spelled out in the Constitution; and therefore I say to him that there is nothing in the Constitution of the United States about UNRRA. Congress voted \$2,700,000,000 for UNRRA. That amount of money would finance this whole program for 27 years, and if we were to add the interest that would accumulate over the 27-year period it would doubtless be sufficient to finance the program for 40 years. The appropriation for UNRRA was made without a record vote, or even an extended discussion. Yet we split hairs on such a matter as that which is now before us to help our own children.

Mr. TAFT. Mr. President, let me say that if we were to accept that particular argument it would make it impossible for us to oppose any expenditure of money. Once it is admitted we spent \$50,000,000,000 for the war, once we admit that in cleaning up the war we are spending \$13,000,000,000 for the armed forces this year, once we admit we are spending \$2,700,000,000 to try to get the world on a peaceful basis and try to establish a permanent peace as a part of the aftermath of war—if that is to be used as an argument for spending any money at all at home, then there is no use of trying to oppose any measures which may come before us. Under the same argument we could increase our Budget \$25,000,000,000 or \$30,000,000,000 a year. If we accept such an argument, the whole basis of discussion is eliminated.

No, Mr. President; we have to get away from the war psychology. We have to consider what is to be our permanent Budget. We have to consider that now we must raise every year the money to pay for this particular expenditure and other expenditures. This is only one of

thousands of expenditures at home, compared to one expenditure abroad. It seems to me that we must consider the expenditures of the Government in the light of the fact that we are limited to the amount of money we can raise, that we are limited to the amount of money the Government can pay, and that we have to consider each proposal on its own merits. We have to take all the proposals presented, which call for many times what we can afford to expend, and boil them down, and judge which are most important, and allot the right amount of money to those particular purposes.

This is a very elastic program. Here we are spending \$57,000,000, and we are feeding only about 6,000,000 children, as I understand. Is that correct?

Mr. RUSSELL. Approximately 8,000,000.

Mr. TAFT. Approximately 8,000,000 children out of 24,000,000 are being provided lunches by an expenditure of \$57,500,000. The Senator from Georgia proposes, by expanding the amount only to \$100,000,000, ultimately to feed 24,000,000 children, three times the number of children now being fed. He is going to find that money somewhere else.

Mr. RUSSELL. The Senator knows that if the State funds are increased \$3 to \$1, and we here provide for a \$100,000,000 program, we will wind up with eight times as much money as the Federal Government is contributing at this time.

Mr. TAFT. The Senator admits the States cannot increase the amount of their contributions. Under the formula of the bill, which counts as part of the 3 to 1 or 1½ to 1, the portion paid by the school children for their own lunches, we may never reach the point where the State has to put up any money, or where the local school district has to put up any money. It seems to me perfectly obvious that if the States and localities were to cooperate, and charge a little more to the children, say 6 cents instead of 5 cents, whatever the charge may be, we would find that it would be possible to stretch the \$57,500,000 to cover the 24,000,000 children just as successfully as could be done with the proposed \$100,000,000. After all, \$100,000,000 is an estimate, a guess, and we have gotten into this thing up to \$57,500,000. I do not like to cut it off. I can see some justification for it, even though I think it does not conform to all the requirements of a State aid program, but it is very clear to me that we can do the job which we want to do with \$57,000,000, and that there is no reason to go higher.

I may say that the House of Representatives passed this bill yesterday with only \$50,000,000 in it. I do not see why we should insist upon increasing the amount which the House of Representatives obviously considers entirely adequate for the particular purpose.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. ROBERTSON. I can understand and follow the argument of the distinguished Senator from Ohio so far as the State of Ohio is concerned, which receives its tax income from probably 95

percent of the total area of the State, but in the case of the Western States, which receive their tax incomes, many of them, from less than 50 percent of the total area of the State, the question is an entirely different one. Until the Federal Government sees fit to grant to the various Western States the acreage, the area, now held by the Federal Government, I feel that an appropriation of this kind is correct and proper, and I hope the Senator's amendment will be defeated.

Mr. AIKEN. Mr. President—

Mr. TAFT. I yield to the Senator from Vermont.

Mr. AIKEN. Mr. President, I desire the floor in my own right.

Mr. TAFT. Mr. President, the difference is not so great as the Senator from Wyoming would indicate. I cannot find the figures just now, but will present them later.

Mr. AIKEN. Mr. President, I have listened attentively to the arguments for and against the school-lunch program. I appreciate the desire of the Senator from Missouri to put this country on a pay-as-you-go basis. I appreciate the sentiments expressed by the Senator from Ohio to the effect that the States can do more to take care of their own. But, unfortunately, as regards this bill, the arguments presented by the Senator from Ohio for reducing this appropriation are entirely unconvincing.

The health of our children, Mr. President, is the last thing with which we should deal in a miserly manner. I do not see that we can put a dollar value on the health of the boys and girls in the schools of this country regardless of the State in which they may live. The health of our children is a national problem. The health of a child in school in Alabama is almost as important to the people of the State of Ohio as is the health of a child in the State of Ohio. The health of the children in the poorer States, the low-income States, is certainly of vital importance to every person in the United States, whether he lives in a poor State or in a rich State.

If I am correctly informed, more than 50 percent of the rejections for the armed services are traceable to malnutrition during the childhood of the boy or girl who was seeking to get into the service. That certainly makes the health of our children a national problem, no matter where they may live.

The Senator from Ohio stated that this bill could not be regarded as an education bill, but as a health bill. Probably it can be called mainly a health bill; but, from my experience as a director of schools during a 15-year period, I know for a fact that a child that has enough to eat and has the right things to eat is definitely a better student than a child that goes to school with little of the proper food to eat. Perhaps at home he does not have enough for breakfast. If that is the case, the school-lunch goes far toward overcoming that great deficiency.

The school-lunch program and the amount required to carry it on have been carefully worked out by our educators, our home economists, our dietitians, and others in the Department of Agriculture. They know what is required properly to conduct the program.

As I have said, I do not believe that we should place a dollar value on the health of our children. I do not like to reduce our problems to terms of dollars when we consider our children. Certainly, having spent \$300,000,000,000, or so, in the conduct of a war, we should not hesitate to spend \$100,000,000 if necessary to maintain the health of the boys and girls of this country. The health of our children and the education of our children are in my opinion the two first lines of any national defense program which we may adopt. When we spend \$300,000,000,000 for war and argue over whether we should spend \$50,000,000 or \$100,000,000 to maintain the health of the coming generation, which will have to take part in another war, if one should come, it seems to me that we are short-sighted. I know that we all hope and pray that there will never be another war, but until we are assured of that we must keep ourselves in readiness.

Mr. President, there are better ways to economize in our expenses of government than by neglecting the health of our children, and I earnestly hope that the amendment offered by the Senator from Ohio [Mr. TAFT] will be defeated.

Mr. TAFT. Mr. President, in reply to the Senator from Wyoming [Mr. ROBERTSON] I suggest that the figures show that the per capita income of Wyoming for 1940 is above the average for the United States, in spite of the lands which the Federal Government holds, or perhaps because of them.

Mr. ROBERTSON. Then the Senator from Vermont had no right to turn toward me every time he mentioned a poor State. [Laughter.]

Mr. TAFT. Not at all. The average per capita income payments in the United States in 1940 were \$575; in Wyoming \$605. That is not quite as high as the figure for Ohio, which is \$643, but it is not substantially different.

I wish to add one word. I yield to no one in saying that I believe that the school-lunch program is a very excellent program. I think it has an important place in the health of the child, although it is only one of three or four different programs which affect the health of the child. Of course, the health of the child will always affect his education to a certain extent.

The point is, Why should the Federal Government pay for the lunches of every school child in the United States? Why should not the States do it? The Federal Government can help, but why should not the States put up something? There is nothing in this bill which requires the States or the school districts to put up a cent, except for supervision. All the rest of the cost can be charged to the children. So this is really not a matching bill in the ordinary sense in which matching bills have been drafted. It seems to me that the only way we can force the matching, unless we propose to rewrite the whole bill, is to reduce the amount, so as not to require the Federal Government to pay the entire subsidy of \$100,000,000. Let the States put up the amount in excess of the \$57,500,000 which is now spent.

I am not trying to reduce the appropriation for school lunches. The proponents of the bill are trying to increase the program by nearly 100 percent. They are trying to spend more money from now on than has ever been spent in the United States on this particular program.

I believe that the pending amendment should be adopted. I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. TAFT. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Green	Morse
Austin	Guffey	Murdock
Bailey	Gurney	Myers
Ball	Hart	Overton
Bankhead	Hayden	Pepper
Barkley	Hickenlooper	Radcliffe
Blibo	Hill	Reed
Brewster	Hoey	Robertson
Briggs	Huffman	Russell
Buck	Johnson, Colo.	Saltonstall
Bushfield	Johnston, S. C.	Smith
Butler	Knowland	Stanfill
Byrd	La Follette	Stewart
Capper	McCarran	Taft
Carville	McClellan	Thomas, Utah
Chavez	McFarland	Tobey
Cordon	McKellar	Tunnell
Donnell	McMahon	Tydings
Ellender	Magnuson	Vandenberg
Ferguson	Maybank	Walsh
Fulbright	Mead	Wheeler
George	Millikin	Wherry
Gerry	Mitchell	Willis
Gossett	Moore	Young

The PRESIDENT pro tempore. Seventy-two Senators have answered to their names. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. TAFT].

Mr. TAFT. Mr. President, my amendment is to strike out "\$100,000,000" and insert "\$57,500,000," which is the amount currently being appropriated.

The PRESIDENT pro tempore. The amendment of the Senator from Ohio proposes, on page 2, line 12, to strike out "\$100,000,000" and insert "\$57,500,000."

Mr. RUSSELL. Mr. President, I merely wish to say that in the opinion of those who have been supporting the school-lunch program this amendment, if adopted, not only would prevent any expansion of the program, but might severely curtail the existing program.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. TAFT]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. REED (when his name was called). I have a general pair with the Senator from New York [Mr. WAGNER]. He is absent. Not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. THOMAS of Utah. I have a general pair with the Senator from New Hampshire [Mr. BRIDGES]. I transfer that pair to the Senator from California [Mr. DOWNEY], who, if present and voting, would vote as I intend to vote. I vote "nay."

Mr. HILL. I announce that the Senator from Virginia [Mr. GLASS], and the Senator from New York [Mr. WAGNER], are absent because of illness.

The Senator from Florida [Mr. ANDREWS] is necessarily absent.

The Senator from California [Mr. DOWNEY], the Senator from Mississippi [Mr. EASTLAND], the Senator from West Virginia [Mr. KILGORE], and the Senator from Texas [Mr. O'DANIEL] are detained on public business.

The Senator from Montana [Mr. MURRAY], and the Senator from Idaho [Mr. TAYLOR], are absent on official business.

The Senator from Texas [Mr. CONNALLY] is absent on official business as a representative of the United States to the General Assembly of the United Nations.

The Senator from Illinois [Mr. LUCAS], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Oklahoma [Mr. THOMAS], are detained on official business at various Government departments.

The Senator from New Mexico [Mr. HATCH] is detained at an important committee meeting. On this question he has a general pair with the Senator from Maine [Mr. WHITE].

If present and voting, the Senator from Florida [Mr. ANDREWS], the Senator from Mississippi [Mr. EASTLAND], the Senator from West Virginia [Mr. KILGORE], the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Idaho [Mr. TAYLOR], and the Senator from Oklahoma [Mr. THOMAS] would vote "nay."

Mr. WHERRY. The Senator from Illinois [Mr. BROOKS] is recovering from a recent operation.

The Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate on official business of the Small Business Committee, of which he is a member.

The Senator from New Jersey [Mr. HAWKES] and the Senator from North Dakota [Mr. LANGER] are necessarily absent.

The Senator from New Hampshire [Mr. BRIDGES] is absent on official business. He has a general pair with the Senator from Utah [Mr. THOMAS].

The Senator from Minnesota [Mr. SHIPSTEAD] is detained on official business.

The Senator from Wisconsin [Mr. WILEY] and the Senator from Iowa [Mr. WILSON] are detained on official business.

The Senator from Maine [Mr. WHITE] is detained in an important committee meeting. He has a general pair with the Senator from New Mexico [Mr. HATCH].

The result was announced—yeas 21, nays 50, as follows:

YEAS—21

Bailey	Cordon	Moore
Ball	Donnell	Saltonstall
Brewster	Gerry	Smith
Buck	Gurney	Taft
Bushfield	Hart	Tydings
Butler	Hickenlooper	Wherry
Byrd	Millikin	Willis

NAYS—50

Aiken	Bilbo	Chavez
Austin	Briggs	Ellender
Bankhead	Capper	Ferguson
Barkley	Carville	Fulbright

George Gossett	McClellan	Radcliffe
Green	McFarland	Robertson
Guffey	McKellar	Russell
Hayden	McMahon	Stanfill
Hill	Magnuson	Stewart
Hoyer	Maybank	Thomas, Utah
Huffman	Mead	Tobey
Johnson, Colo.	Mitchell	Tunnell
Johnston, S. C.	Morse	Vandenberg
Knowland	Murdock	Walsh
La Follette	Myers	Wheeler
McCarran	Overton	Young
	Pepper	

NOT VOTING—25

Andrews	Hawkes	Shipstead
Bridges	Kilgore	Taylor
Brooks	Langer	Thomas, Okla.
Capehart	Lucas	Wagner
Connally	Murray	White
Downey	O'Daniel	Wiley
Eastland	O'Mahoney	Wilson
Glass	Reed	
Hatch	Revercomb	

So Mr. TAFT's amendment was rejected.

The PRESIDENT pro tempore. If there be no further amendments to be proposed—

Mr. TAFT. Mr. President, I move that title II of the bill be stricken out.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Ohio.

Mr. TAFT. Title II, as Senators will note if they will turn to page 11 of the bill, proposes that something entirely new in the way of the distribution of Federal funds to the States be done. It proposes to distribute \$15,000,000 to enable the United States Commissioner of Education, under the supervision and direction of the Federal Security Administration, to carry out the purposes of the bill. The sum of \$15,000,000 is to be apportioned between the various States. Of course, it will not bring a very large sum of money to any one State. It is intended that it shall be used by the State educational agency, either directly or through grants to schools, to provide related nutrition education for school programs, to provide and train technical and supervisory personnel, and to provide equipment and facilities for such programs, except that such funds may not be used for the acquisition of food.

It then proposes that standards be set up for food and nutrition, and nutrition experts are to be given the power to go around to all the schools and find out what the children are eating and to determine what they should eat. To set up a new Federal control over the diet and food of the people of this country seems to me to go beyond anything we have done heretofore and beyond the existing school-lunch program. I do not think anyone who has studied the program, except the nutrition experts, has had any particular interest in this provision, and I believe very strongly that it would give the Federal Government just one more bureau which would be attempting to supervise schools. If nutrition is to be controlled, I think each State should control it.

The amount of money required is insignificant. The employment of a few nutrition experts in each State to advise their own boards, if they wish to do so, is a matter which the States certainly can afford. They have surpluses, whereas the Federal Government has only a deficit.

I cannot see any reason for inventing this new program and putting it on as more or less of a tail to the popular school-lunch program which we have already discussed.

Mr. GURNEY. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. GURNEY. If title II is not included in the bill, there will be extra money to spend for food, will there not? Would not that naturally follow?

Mr. TAFT. There would be that much more money in the Federal Treasury. But there are separate authorizations, one for the \$15,000,000 for this purpose, and another for the \$100,000,000 for food and the school-lunch programs.

I may say that the House of Representatives, after considerable debate on Friday, I believe, struck title II entirely out of the bill. It seems to me that the Senate should do the same.

Mr. AIKEN. Mr. President, I wish to say that, contrary to any impression which may have been given by the Senator from Ohio, there is nothing in title II so far as can be seen that would give the Federal Government control over any educational program or the administration of this program in the several States.

The duties of the Commissioner of Education and the Federal Security Administrator are to allocate the funds and then approve the plans submitted by the State. Section 203 (a) reads in part as follows:

Sec. 203. (a) In order to be approved a State plan for the administration of school-lunch programs must—

(1) provide that the plan shall be administered, or that its administration shall be supervised, by the State educational agency.

(2) provide that funds paid to the State under this title will be used solely for carrying out the purposes of section 202 (b) and that the amount of such funds spent during any fiscal year for administration and supervision by the State educational agency shall not exceed 15 percent of the funds apportioned to such State for such year under this title.

I see nothing in the bill which would give the Federal Government control over any educational program in the State.

Mr. TAFT. I did not say that it would give the Federal Government control over any educational program, but I stated that it would give control over a nutrition program. There would be many nutrition experts telling the parents of children in the various school districts what lunches they should serve to the children.

Mr. AIKEN. In order to counteract any erroneous impression which might be given by the Senator from Ohio's remarks, I have read the language as it appears in the bill.

Mr. ELLENDER. Mr. President, it is now but a few minutes from our usual hour of adjournment and I do not wish to delay a vote on the final passage of the bill. I believe it has been sufficiently debated to enable all of us to thoroughly understand it. I hope that the amendment proposed by the senior Senator from Ohio [Mr. TAFT] will be defeated. I consider title II a most necessary ad-

junct to the continuation and the expansion of our school-lunch program.

On page 12 of the bill, section 202 (c) reads in part as follows: "which shall be used"—that is, the funds allotted to each State—"by the State educational agency, either directly or through grants to schools and school systems, to establish, maintain, operate, and expand school-lunch programs, to provide related nutrition education, and to provide and train technical supervisory personnel and to provide equipment and facilities for such programs; except that such funds may not be used for the acquisition, construction, or alteration of buildings or for the purchase of land or food."

That language, Mr. President, indicates how the funds to be appropriated under title II are to be used. Now let me summarize why such funds are necessary and why title II should be retained in the bill.

First. To develop sound lunch programs and related nutrition education, school-lunch directors or supervisors must be trained and employed by State, county, and city school systems. While there are naturally wide variations in the number of such persons needed in the several States, fair estimates suggest that there are immediately needed several such directors and supervisors in each State department of education and one or more to have charge of school-lunch programs of each of the larger cities and of two or more counties grouped for this purpose. At the outset these would total about five or six hundred for all of the States. Eventually every county and city school system will need to employ this type of school-lunch leadership, totaling for the Nation about 10,000 persons. Some of these school systems are already employing such school-lunch directors and supervisors; others cannot do so without help. The work of these supervisors will have to be facilitated through research, planning conferences, demonstrations, publications, and other services carried on cooperatively by the State departments of education and the United States Office of Education.

The following briefly lists the major functions of these school-lunch directors or supervisors:

(a) Train school-lunch workers—supervisors, nutritionists, cooks.

1. On-the-job training through visits, conferences, workshops, institutions, short courses, demonstrations, circulars, and so forth.

2. Preservice training through job analyses, home economics courses, outlines for college courses, guided practice programs, and so forth.

(b) Develop suitable housing plans and equipment lay-outs.

1. With school-building directors they plan lunchrooms of various sizes.

2. With institutional management experts they determine types of equipment needed and where to place it for greater efficiency.

3. With health and sanitation experts they develop and enforce health and safety standards.

(c) Advise on plans for administering and financing school-lunch program.

1. Prepare written materials to show what can be done in schools and communities of different sizes and types.

2. Help work out budget plans, record forms, accounting systems, ways and means of using community resources.

3. Visit schools to help organize school-lunch committees, to develop community understanding and support, to organize and install school lunches.

(d) Develop nutrition education programs.

1. Work out techniques and procedures for making school lunches educational.

2. Help school principals integrate the school lunch with health instruction, home-economics instruction, and so forth.

3. Develop ways of working with parents on nutrition education problems.

Second. Thousands of schools will need help in employing trained lunchroom managers and operators if they are to make the wisest use of the aids provided through title I to channel food into school lunches and if they are to spread the benefits of this type of aid as widely and as fairly as possible. Since there is an inadequate number of persons trained or experienced in carrying on the business activities, the managerial functions, the large-scale cookery, and similar technical duties involved in running an efficient school-lunch program, training courses and activities must be worked out for these and made available. To be effective, such training activities must be provided both on a pre-employment basis in the State teacher-training institutions and on an in-service basis within the county and city school systems. It is estimated that more than 100,000 of the larger schools will need to employ such managers and operators of school lunches; at present fewer than one-third of these schools have lunchrooms and employ such managers. Through Federal assistance, the essential technical services can be made generally available and the health and safety of the children safeguarded.

Third. Without some help in providing equipment, school-lunch programs cannot be established in many of the schools now without such programs. A developmental program stimulated through Federal funds should therefore make it possible for State educational agencies to help such schools to procure the needed equipment. The amount and type of equipment needed will vary from a simple roll-away cabinet fitted to serve the needs of a one-teacher school to the more elaborate cooking and serving facilities needed in the larger lunchrooms. It has been estimated that at the outset an average Federal outlay of \$100 or \$200 per school would help many thousands of schools to establish school-lunch programs. If the State school systems were to pursue a policy of extending this type of Federal assistance chiefly to schools not having such programs, it is clear that even a modest amount of Federal funds could in time make the necessary equipment available to all of the schools.

Mr. President, I feel that the reasons herein given should be sufficient to justify the Senate in voting down the pending amendment. I desire to see this

program expand so that it will reach all sections of the country, particularly the rural areas where such help is needed in order to foster and stimulate school-lunch programs.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Ohio [Mr. TAFT].

Mr. AIKEN. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. REED (when his name was called). I have a general pair with the Senator from New York [Mr. WAGNER]. I transfer that pair to the Senator from Indiana [Mr. CAPEHART] and will vote. I vote "yea."

The roll call was concluded.

Mr. THOMAS of Utah. I have a general pair with the Senator from New Hampshire [Mr. BRIDGES]. I transfer that pair to the Senator from California [Mr. DOWNEY], who, if present and voting, would vote as I intend to vote. I vote "nay."

Mr. HILL. I announce that the Senator from Virginia [Mr. GLASS] and the Senator from New York [Mr. WAGNER] are absent because of illness.

The Senator from Florida [Mr. ANDREWS] is necessarily absent.

The Senator from California [Mr. DOWNEY], the Senator from Mississippi [Mr. EASTLAND], the Senator from West Virginia [Mr. KILGORE], and the Senator from Texas [Mr. O'DANIEL] are detained on public business.

The Senator from Montana [Mr. MURRAY] and the Senator from Idaho [Mr. TAYLOR] are absent on official business.

The Senator from Texas [Mr. CONNALLY] is absent on official business as a representative of the United States to the General Assembly of the United Nations.

The Senator from North Carolina [Mr. BAILEY], the Senator from Illinois [Mr. LUCAS], and the Senator from Wyoming [Mr. O'MAHONEY] are detained on official business at various Government departments.

The Senator from New Mexico [Mr. HATCH] is detained at an important committee meeting. On this question he has a general pair with the Senator from Maine [Mr. WHITE].

If present and voting, the Senator from Florida [Mr. ANDREWS], the Senator from Mississippi [Mr. EASTLAND], the Senator from West Virginia [Mr. KILGORE], the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Idaho [Mr. TAYLOR] would vote "nay."

Mr. WHEERRY. The Senator from Illinois [Mr. BROOKS] is recovering from a recent operation.

The Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate on official business of the Small Business Committee, of which he is a member.

The Senator from New Jersey [Mr. HAWKES] and the Senator from North Dakota [Mr. LANGER] are necessarily absent.

The Senator from New Hampshire [Mr. BRIDGES] is absent on official business. He has a general pair with the Senator from Utah [Mr. THOMAS].

The Senator from Minnesota [Mr. SHIPSTEAD] is detained on official business.

The Senator from Wisconsin [Mr. WILEY] and the Senator from Iowa [Mr. WILSON] are detained on official business.

The Senator from Maine [Mr. WHITE] is detained in an important committee meeting. He has a general pair with the Senator from New Mexico [Mr. HATCH].

The result was announced—yeas 25, nays 47, as follows:

YEAS—25

Austin	Cordon	Moore
Ball	Ferguson	Reed
Brewster	Gerry	Taft
Buck	Gurney	Tydings
Bushfield	Hart	Vandenberg
Butler	Hickenlooper	Wherry
Byrd	Johnson, Colo.	Young
Capper	McCarran	
Carville	Millikin	

NAYS—47

Aiken	Huffman	Pepper
Bankhead	Johnston, S. C.	Radcliffe
Barkley	Knowland	Robertson
Bilbo	La Follette	Russell
Briggs	McClellan	Saltonstall
Chavez	McFarland	Smith
Donnell	McKellar	Stanfill
Ellender	McMahon	Stewart
Fulbright	Magnuson	Thomas, Okla.
George	Maybank	Thomas, Utah
Gossett	Mead	Tobey
Green	Mitchell	Tunnell
Guffy	Morse	Walsh
Hayden	Murdock	Wheeler
Hill	Myers	Willis
Hoey	Overton	

NOT VOTING—24

Andrews	Glass	O'Mahoney
Bailey	Hatch	Revercomb
Bridges	Hawkes	Shipstead
Brooks	Kilgore	Taylor
Capehart	Langer	Wagner
Green	Lucas	White
Connally	Murray	Wiley
Downey	O'Daniel	Wilson

So Mr. TAFT's amendment was rejected.

Mr. RUSSELL. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 998, House bill 3370, to provide assistance to the States in the establishment, maintenance, operation, and expansion of school-lunch programs, and for other purposes.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the Senate proceeded to consider the bill.

Mr. RUSSELL. I move that the House bill be amended by striking out all after the enacting clause and substituting Senate bill 962.

The motion was agreed to.

The PRESIDENT pro tempore. The House bill is before the Senate and open to further amendment. If there be no further amendment to be offered, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 3370) was read the third time and passed.

The PRESIDENT pro tempore. Without objection, Senate bill 962 will be indefinitely postponed.

Mr. RUSSELL. Mr. President, I move that the Senate insist on its amendment, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. RUSSELL, Mr. ELLENDER, Mr. BANKHEAD, Mr. CAPPER, and Mr. AIKEN conferees on the part of the Senate.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the Senate by Mr. Miller, one of his Secretaries.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. WALSH, from the Committee on Naval Affairs:

Maj. Gen. Harry Schmidt to be a lieutenant general in the Marine Corps, for temporary service, from the 1st day of March 1946.

By Mr. THOMAS of Utah, from the Committee on Military Affairs:

Sundry officers for promotion in the Regular Army of the United States, under provisions of law; and

Sundry officers for appointment, by transfer, in the Regular Army of the United States.

The PRESIDENT pro tempore. If there be no further reports of committees, the clerk will proceed to state the nominations on the Executive Calendar.

SELECTIVE SERVICE SYSTEM

The legislative clerk read the nomination of Vivian B. Collins to be State director for Florida.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

FOREIGN SERVICE

The legislative clerk proceeded to read sundry nominations in the foreign service.

Mr. BARKLEY. I ask unanimous consent that the foreign-service nominations be confirmed en bloc.

The PRESIDENT pro tempore. Without objection, the foreign-service nominations are confirmed en bloc.

TREASURY DEPARTMENT

The legislative clerk read the nomination of O. Max Gardner to be Under Secretary of the Treasury.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

DEPARTMENT OF LABOR

The legislative clerk read the nomination of Maj. Gen. Graves Blanchard Erskine, United States Marine Corps, to be Retraining and Reemployment Administrator.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

ASSISTANT COMMISSIONER OF PATENTS

The legislative clerk read the nomination of Thomas F. Murphy to be Assistant Commissioner of Patents.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

COLLECTOR OF INTERNAL REVENUE

The legislative clerk read the nomination of Elmer F. Kelm to be collector of internal revenue for the district of Minnesota.

Mr. GEORGE. Mr. President, some objections were filed to this nomination. A subcommittee of the Committee on Finance was appointed, and the subcommittee reported unanimously to the full committee in favor of the confirmation of the nomination. However, as chairman of the Committee on Finance, I am in receipt of a telegram from George P. Phillips, president of the United Labor Committee for Political Action, in Minneapolis, Minn., which Mr. Phillips asks me to present to the Senate. I therefore ask unanimous consent that the telegram be printed in the RECORD.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

MINNEAPOLIS, MINN., February 24, 1946.

Senator WALTER F. GEORGE,
Chairman, Finance Committee,
United States Senate,
Senate Office Building,
Washington, D. C.:

With deep disgust we learn Senate Finance Committee, over protest of practically all Minnesota, has voted to replace efficiency in the conduct of the office of internal revenue collector in Minnesota with the spoils system, in voting to oust efficient and popular Internal Revenue Collector Arthur D. Reynolds to make a job for wealthy Banker Elmer Kelm.

Of course, if the Senate supports the action of the committee, it will be conclusive proof to the organized workers of Minnesota that the Democratic and Republican Parties have united in hostility to organized labor in Minnesota. It will be surprising if this united flouting of organized labor in Minnesota by both Democrat and Republican National Parties does not result in the reviving of the Farmer-Labor Party. Apparently the vote rolled up by the American Labor Party in the recent special congressional election in New York City did not teach either Democrats or Republicans anything. In behalf of 100,000 members of A. F. of L., CIO, and railroad brotherhoods in Minneapolis whom this committee represents, request you read this telegram to the Senate if the attempt is made to confirm wealthy Banker Elmer Kelm for internal revenue collector for the Minnesota district.

Yours very respectfully,

UNITED LABOR COMMITTEE
FOR POLITICAL ACTION.

GEORGE P. PHILLIPS,

President.

The PRESIDENT pro tempore. The question is, Will the Senate advise and consent to this nomination?

The nomination was confirmed.

COLLECTORS OF CUSTOMS

The legislative clerk read the nomination of John O'Keefe to be collector of customs for customs collection district No. 34.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Alexander H. Bell to be collector of customs for customs collection district No. 14.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. BARKLEY. I ask unanimous consent that the President be notified immediately of all confirmations of today.

The PRESIDENT pro tempore. Without objection, the President will be notified forthwith of all confirmations of today.

GROWTH OF MONOPOLIES

Mr. BARKLEY. Mr. President, I move that the Senate resume consideration of legislative business.

The motion was agreed to.

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the RECORD as a part of my remarks a letter I have received today from Mr. Henry L. McCarthy, executive director of the New Council of American Business, Inc. In his letter Mr. McCarthy points out the great need of legislation to check the sinister growth of monopolies.

I think it is unquestionably true that today the ill effects of monopoly control, and the spread of monopoly, are undoubtedly more serious than at any other time in the past 25 years, and in this very interesting letter Mr. McCarthy, representing a group of businessmen, suggests a legislative program to check the growth of monopolies. I find many points made by Mr. McCarthy exceedingly sound, and I propose to give very serious consideration to his suggestion, with the idea in mind of introducing at a later date appropriate legislation.

I renew my request that the letter be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NEW COUNCIL OF
AMERICAN BUSINESS, INC.,
Washington, D. C., February 25, 1946.
The Honorable WAYNE MORSE,
Senate Office Building,
Washington, D. C.

DEAR SENATOR MORSE: The New Council of American Business, Inc., a national organization of independent businessmen, recognizes that the greatest threat to our individual opportunities for survival and expansion is the growing power of big business which has reached monopolistic proportions in nearly every major industry in the Nation. The New Council has watched with great satisfaction the influence you have had on American thought. We believe your leadership in promoting sensible legislation affecting business interests has placed you in the forefront of public men to whom we look for assistance

with our many problems. We believe that the program which we shall outline in this letter is consistent with every public expression you have made in Congress. We urge you to again take leadership on this front which is of vital importance to independent business everywhere in the Nation.

In order to strengthen the democratic character of our economy; to maintain an economy where new products and techniques can be developed; and to provide employment opportunities which must be created if we are to escape the industrial troubles and hardships of the thirties, small business must be aided by eliminating the threat of monopolistic practices by large corporations and by the control of already existing monopolies. At the present time, less than 2 percent of all manufacturing firms employ more than three-fifths of all manufacturing workers. In nonmanufacturing industries there has also been a constant decline in the position of the small concerns. Half a million small retail, service, and construction firms disappeared during the war. In 1939, firms with less than 50 employees employed a full third of all employees in American trade and industry. By 1943, the share of these small firms had shrunk to one-quarter.

The question of whether the increasing rate of wartime economic concentration will continue will, in a large measure, depend upon the dissolution of or the effective governmental control or regulation of monopoly interests and monopolistic tendencies which are now widespread.

It is obvious that we cannot turn back the clock in the industrial development of our country. Certain types of industries will always require huge concentrations of capital and labor. Other types such as railways and public utilities are, by their very nature, monopolistic. It would be unrealistic if we should suggest that these giants be reduced into smaller firms. We can, however, limit or reduce their power by adequate protection and assistance to smaller businessmen.

It is my suggestion that a comprehensive bill, such as the full employment bill which you supported, be introduced into the Congress covering the broad field of positive antimonopoly action. The goal of full employment can only be achieved by the effective regulation and control of current monopolies and the encouragement and expansion of the traditionally small businesses which reflect the democratic nature of our system.

The type of bill which I have in mind would establish a coordinated program of preventing or eliminating monopoly and monopolistic practices in order to contribute to the maintenance of full production through the full use of all the resources of free competitive enterprise. This type of bill would require that—

1. American business enterprises would be prohibited from participation in international cartels;
2. Discriminatory freight rates would be eliminated;
3. Financial services for small businesses would be provided;
4. More stringent inspection and penalties for violations of the antitrust laws would be applied;
5. Current patent restrictions be modified;
6. Other necessary policies and programs be initiated to compel existing monopolies to act in the public interest;
7. Monopolistic practices occurring among smaller units of business which have banded together in trade associations be prohibited.

The total interests of independent business will involve not only the passage of this suggested legislation but also of other pending legislation which provides for research and technical services to business, and for study of existing monopolistic practices

in industry, trade, and agriculture. The entire program involves the maximum effective use of the statute I am suggesting, other legislation now pending before Congress, and a coordination of the control and regulatory activities of the several different governmental departments.

This type of program would require the establishment of a Presidential advisory antimonopoly board or commission which could coordinate, integrate, and activate the existing Government agencies now dealing with the problem of monopoly growth and monopoly control. This board should also be charged with the responsibility of advising the President as to additional necessary legislation which would be required to make effective the antimonopoly program.

I urge that you give early consideration to the drafting of such a bill and offer you the cooperation of this office in setting forth suggestions as to the exact language which should be incorporated in this measure.

I should be pleased at the opportunity for personal discussion with you at your convenience.

Sincerely yours,

HENRY L. MCCARTHY,
Executive Director.

DEATH OF REPRESENTATIVE SNYDER, OF PENNSYLVANIA

The PRESIDENT pro tempore. The Chair lays before the Senate resolutions from the House of Representatives, which will be read.

The Chief Clerk read as follows:

House Resolution 532

IN THE HOUSE OF
REPRESENTATIVES, U. S.,
February 25, 1946.

Resolved, That the House has heard with profound sorrow of the death of Hon. J. BUELL SNYDER, Representative from the State of Pennsylvania.

Resolved, That a committee of 12 Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provision of these resolutions and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect the House do now adjourn.

Mr. GUFFEY. Mr. President, I send to the desk a resolution, which I ask to have read and immediately considered.

The resolution (S. Res. 233) was read, considered by unanimous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. J. BUELL SNYDER, late a Representative from the State of Pennsylvania.

Resolved, That a committee of six Senators be appointed by the President pro tempore of the Senate to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

The PRESIDENT pro tempore. The Chair appoints the Senators from Pennsylvania [Mr. GUFFEY and Mr. MYERS], the Senator from West Virginia [Mr. KILGORE], the Senator from Vermont

[Mr. AUSTIN], the Senator from Delaware [Mr. TUNNELL], and the Senator from Nevada [Mr. CARVILLE], as the committee authorized under the second resolving clause.

Mr. GUFFEY. Mr. President, as a further mark of respect to the memory of the deceased Representative, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 5 minutes p. m.) the Senate took a recess until tomorrow, February 27, 1946, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate February 26 (legislative day of January 18), 1946:

SECRETARY OF THE INTERIOR

Julius A. Krug, of Wisconsin, to be Secretary of the Interior.

REGISTER OF WILLS, DISTRICT OF COLUMBIA

Theodore Cogswell, of the District of Columbia, to be register of wills for the District of Columbia, vice Victor S. Mersch, resigned.

IN THE NAVY

Commodore James E. Maher, United States Navy, to be a commodore in the Navy, for temporary service, while serving as chief of base maintenance, Office of the Chief of Naval Operations, and to continue during any assignment which is commensurate with the rank of commodore, or until reporting for other permanent duty.

Commodore Arthur Gavin, United States Navy, to be a commodore in the Navy, for temporary service, while serving as commander, aircraft, Philippine Sea Frontier, and commander, Fleet Air Wing 10, and to continue during any assignment which is commensurate with the rank of commodore, or until reporting for other permanent duty.

Capt. Arleigh A. Burke, United States Navy, to be a commodore in the Navy, for temporary service, while serving as chief of staff and aide to commander, Eighth Fleet, and to continue during any assignment which is commensurate with the rank of commodore, or until reporting for other permanent duty.

Commodore Lemuel P. Padgett, Jr., United States Navy, to be a commodore in the Navy, for temporary service, while serving as petroleum attaché, Middle East, and to continue during any assignment which is commensurate with the rank of commodore, or until reporting for other permanent duty.

Pay Director Robert F. Batchelder, to be a pay director in the Navy, with the rank of commodore, for temporary service, while serving in the Material Division, Office of the Assistant Secretary of the Navy, and to continue during any assignment which is commensurate with the rank of commodore, or until reporting for other permanent duty.

Capt. John A. Snackenbergh, United States Navy, to be a commodore in the Navy, for temporary service, while serving as chief of staff to commander, Joint Task Force 1, and to continue during any assignment which is commensurate with the rank of commodore, or until reporting for other permanent duty.

CONFIRMATIONS

Executive nominations confirmed by the Senate February 26 (legislative day of January 18), 1946:

FOREIGN SERVICE

TO BE FOREIGN-SERVICE OFFICER OF CLASS 1, A SECRETARY IN THE DIPLOMATIC SERVICE, AND A CONSUL GENERAL OF THE UNITED STATES OF AMERICA

Monnett B. Davis

TO BE CONSULS GENERAL OF THE UNITED STATES OF AMERICA

Walton C. Ferris
Winthrop S. Greene

TO BE A CONSUL OF THE UNITED STATES OF AMERICA

Robert Grinnell

TO BE FOREIGN-SERVICE OFFICERS, UNCLASSIFIED, VICE CONSUL OF CAREER, AND SECRETARY IN THE DIPLOMATIC SERVICE OF THE UNITED STATES OF AMERICA

Robert W. Adams	Joseph J. Montllor
Edward W. Clark	Edwin C. Rendall
Richard M. Herndon	Malcolm Toon
William K. Leonhart	Kinsley Twining
James V. Martin, Jr.	Alfred W. Wells
Lee E. Metcalf	Gordon J. Wright

TREASURY DEPARTMENT

O. Max Gardner to be Under Secretary of the Treasury.

DEPARTMENT OF LABOR

Maj. Gen. Graves Blanchard Erskine, USMC, to be Retraining and Reemployment Administrator.

SELECTIVE SERVICE SYSTEM

Vivian B. Collins to be State director of selective service for Florida, with salary of \$5,600 per annum.

ASSISTANT COMMISSIONER OF PATENTS

Thomas F. Murphy to be Assistant Commissioner of Patents.

COLLECTOR OF INTERNAL REVENUE

Elmer F. Kelm to be collector of internal revenue for the district of Minnesota.

COLLECTORS OF CUSTOMS

John O'Keefe to be collector of customs, collection district No. 34, with headquarters at Pembina, N. Dak.

Alexander H. Bell, customs collection district No. 14, with headquarters at Norfolk, Va.

HOUSE OF REPRESENTATIVES

TUESDAY, FEBRUARY 26, 1946

The House met at 11 o'clock a. m.

Rev. Alfred Carpenter, superintendent of Baptist chaplains, Southern Baptist Convention, offered the following prayer:

During this moment of holy hush, wilt Thou, Heavenly Father, accept our gratitude for the opportunity of prayer and the privilege of Thy presence. Thou who are concerned for our best welfare, able and ready to supply our needs, with our destinies in Thy hand, hear us, we pray.

To the best of our knowledge we repent of sins committed, and through Thy mercies seek forgiveness. We implore Thee for sufficient wisdom for this day's responsibilities. Place in our hearts the supreme desire to please Thee.

Divine Heavenly Father, we realize our responsibility in representing the people of this Nation, and the obligation of this Nation in world affairs. We desire Thy guidance here, but in this prayer we seek a personal realization of Thy presence, and a clear knowledge of Thy will for us today. In our Lord's name, we pray. Amen.

The Journal of the proceedings of yesterday was read and approved.

EXTENSION OF REMARKS

Mr. PITTENGER asked and was given permission to extend his remarks in the

RECORD in three instances and to include in each of two extensions a telegram and in the third a statement from a constituent.

Mr. CANFIELD asked and was given permission to extend his remarks in the RECORD and include an editorial from the Newark (N. J.) Star-Ledger against the St. Lawrence seaway project.

Mr. ADAMS asked and was given permission to extend his remarks in the RECORD and include an article from the Daily Metal Reporter of February 14.

Mr. BIEMILLER asked and was given permission to extend his remarks in the RECORD and include a resolution.

Mr. ROGERS of Florida asked and was given permission to extend his remarks in the RECORD and include an editorial.

COL. JIMMY STEWART

Mr. GAVIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GAVIN. Mr. Speaker, a rather unusual situation exists in Pennsylvania, the great Keystone State, where on the Republican side we have about 20 gubernatorial candidates and find it difficult to select one, while on the Democratic side my Democratic friends for whom I have a great affection are getting desperate for a candidate—in fact, the other day they grabbed Col. Jimmy Stewart, noted movie star, who has a distinguished record in World War II, who, I understand, graciously declined.

But, according to the Punxsutawney Spirit, which is published at Punxsutawney, Pa., in my district, the home of the ground hog, that great prognosticator of the weather, here is what Jimmy's father, J. M. Stewart, had to say, and I quote an editorial comment in the Punxsutawney Spirit:

At a rotary club meeting in Indiana last week J. M. Stewart explained that his son, "Jimmy," movie star and lately a colonel in the Army Air Forces, had declined to submit his name as a Democratic candidate for Governor of Pennsylvania, not because he was adverse to serving the great Keystone State as its chief executive but because he happens to be a staunch Republican.

Now, more than ever, Jimmy is my favorite movie star.

DEMobilIZATION POLICY OF THE MARINE CORPS

Mr. ROGERS of Florida. Mr. Speaker, I ask unanimous consent to address the House for 1 minutes and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. ROGERS of Florida. Mr. Speaker, it has been called to my attention through an editorial appearing in the Fort Lauderdale Daily News, and written by the owner, Gov. R. H. Gore, how three enlisted marines were thrown into the brig at Honolulu to await action of higher authorities because they allegedly circularized a petition to Congress protesting the slow demobilization policy

of the corps. Certainly, this is a violation of their constitutional right. The right of petition to adjust wrongs is one of the cornerstones of our democracy, but it appears that when a man dons an enlisted man's uniform he abrogates and loses that right. Should not Congress initiate some action to guarantee a bit of democracy in our armed forces?

We are now trying to build up an Army by voluntary enlistments, but such treatment as accorded these three marines are grounds why enlisted men still in the services are clamoring to get out and back home, where they can be free citizens again and while others are failing to voluntarily enlist in the services of their country. Should not Congress, through its Military Affairs Committee, make an investigation of the jailing of these marines?

HON. LESLIE L. BIFFLE

Mr. GATHINGS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. GATHINGS. Mr. Speaker, it is a marvelous accomplishment to rise from page boy in this House to Secretary of the Senate of the United States. Yet, it is not uncommon in America that a man through his own efforts starts at the bottom and advances to the top-most rungs of the ladder. Leslie Biffle came to Washington as a page boy in the House of Representatives at a tender age from Boydsville, Clay County, Ark., in my district. He returned to Arkansas for additional schooling. In 1909 he came back to Washington as secretary to Hon. Bruce Macon, who represented the First Arkansas District. Afterwards, he worked in the folding room in the Senate for a time. At the recommendation of Senator Joe T. Robinson, majority leader, he was selected as secretary to the majority in the Senate. He held this position until he was unanimously chosen Secretary of the Senate in 1945. *Coronet* magazine in the current issue for February, carries a very good story on Leslie Biffle. In my opinion, it is good reading and I commend it to you. I do trust that we will keep America the land of opportunity where a young man can start out at the bottom, and through his initiative, application and energy, advance to the highest place of trust and responsibility. That is the American way. We in Arkansas are proud of our native son and rejoice at his accomplishments. His life, character, and service is an inspiration to the American youth.

The SPEAKER. The time of the gentleman from Arkansas has expired.

EXTENSION OF REMARKS

Mr. KEOGH asked and was given permission to extend his remarks in the *RECORD* and include therein an address delivered by Senator JAMES M. MEAD at a meeting of the labor and industry committee of the New York State conference in opposition to the St. Lawrence project,

Mr. CARNAHAN asked and was given permission to extend his remarks in the *RECORD* and include an editorial from the February 23 edition of the *Fair Play*, of St. Genevieve, Mo.

Mr. LANE asked and was given permission to extend his remarks in the Appendix of the *RECORD* and include therein a very interesting editorial by John Griffin which appeared in last Sunday's *Boston Post*; and secondly, to extend his remarks and include a resolution adopted by the General Court of Massachusetts.

REMOVE CEILING PRICE ON SILVER

Mr. BUNKER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Nevada?

There was no objection.

Mr. BUNKER. Mr. Speaker, on Monday I am introducing three mining measures which call for removal of the ceiling price on silver, repeal of the tax on silver bullion and authority for the executive department to fix a price floor of \$56 per ounce of gold and \$1.29 per ounce of silver.

It is my opinion that a law removing the silver price ceiling, now 71.11 cents per ounce, would have more effect in raising the price of silver than all the monetary legislation introduced along those lines to date.

Silver mining is the only industry that is subsidizing the public. Where, ordinarily, tax money provides a subsidy to an industry, such as shipping, the Treasury now takes the miner's silver at 71.11 cents per ounce and creates money worth \$1.29 for the benefit of the Nation at large. The profit to the Government comes directly from the pockets of the miner.

Furthermore, I am convinced that the silver transactions tax of 50 percent on proceeds from silver sales has stopped arbitrage operations by American silver brokers. The tax has produced virtually no revenue.

I am reliably informed by experts in international transactions in silver that removal of the tax would permit American brokers to move into the world markets to an extent that the silver control center would pass from London to New York. The resulting arbitrage operations would result in greatly increased world prices which would strengthen the domestic price very substantially.

Finally, the executive department should be given authority to fix the weights of both gold and silver and put a floor under gold of \$56 and \$1.29 for silver. The figure \$56 for gold has the same logic behind it as the proportion between \$35 per ounce and \$56 per ounce used in reducing the gold backing from 40 to 25 percent last year.

EXTENSION OF REMARKS

Mr. SAVAGE asked and was given permission to extend his remarks in the Appendix of the *RECORD* and to include therein editorials from the *Long View Daily News*, of his district, and the *Evening Star*, of Washington, D. C.

Mr. DOYLE asked and was given permission to extend his remarks and include therein a statement of his declaration as a candidate for reelection to the voters of his district.

PERMISSION TO ADDRESS THE HOUSE

Mr. DOYLE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

[Mr. Doyle addressed the House. His remarks appear in the Appendix.]

BRIG. GEN. HERBERT C. HOLDRIDGE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include certain excerpts from newspapers of the last few days and also from certain speeches made by certain individuals.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, it was my intention to rise to a question of personal privilege today, but, owing to the emergency that confronts us, I shall reserve that privilege until tomorrow, when I shall answer the attacks made by certain Communists and their fellow travelers on me and the Committee on Un-American Activities.

However, on yesterday, Mr. Speaker, there appeared in the newspapers and was sounded over the radio a statement by a man who calls himself Brig. Gen. Herbert C. Holdridge, retired, in which he demanded that I be removed as chairman of the Committee on World War Veterans' Legislation because he virtually says I am not communistic enough in that I do not attack my own State and my own people on the poll-tax question and that I do not fall for this communistic camouflage about the antilynching bill and because I did not support the communistic FEPC.

This man was examined during the war and found to be a neurotic, and they retired him. I shall demand that he be recalled and court-martialed or confined in a mental institution in order that he may not be a burden on the taxpayers and at the same time be going around spreading his communistic nonsense.

I have before me speeches he made, in one of which he says, "I shall support Norman Thomas for President," and in the other he says, "Why I shall support the Socialist ticket."

The SPEAKER. The time of the gentleman from Mississippi has expired.

EXTENSION OF REMARKS

Mr. ANGELL asked and was given permission to extend his remarks in the *RECORD* and include an article on national forests by Mr. Neuberger.

SPECIAL ORDER GRANTED

Mr. ANGELL. Mr. Speaker, I ask unanimous consent that on tomorrow, following the legislative business of the day and any other special orders, I may address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. RICH. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. Mr. Speaker, it seems to me we are stooping pretty low in this country when we defy the courts.

I have before me a copy of the Philadelphia Inquirer of Sunday, February 24, and I will read the headlines:

GE pickets defy court, mass at company's gates.

Union official calls injunction illegal, vows further fight.

Members of the United Electrical, Radio, and Machine Workers of America (CIO) yesterday engaged in mass picketing at the gates of the General Electric plant, Sixty-ninth Street and Elmwood Avenue, in open defiance of a court injunction.

The mass meeting will continue, according to David Davis, business agent of Local 155, of the international union, whose members substituted on the picket line for those of Local 119 yesterday, because the union considers that there is no legal basis for the injunction. At the same time he warned that any violence resulting from this action would be laid at the doorstep of the city administration.

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

HOUSING LEGISLATION

Mr. SMITH of Ohio. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. SMITH of Ohio. Mr. Speaker, today the House will consider the Patman political housing bill. This proposal, in the guise of aiding veterans to procure homes, seeks to have the bureaucracy seize the home-building industry, and further communize this Nation. It is the first venture by the bureaucrats to apply the wartime pattern of production to peace production. Just as our people were regimented to fight the war, so the Patman bill would now regiment us to make peace, and with a vengeance.

The SPEAKER. The time of the gentleman from Ohio has expired.

TRUMAN-WYATT HOUSING LEGISLATION

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, the bill that comes up today represents a program that has been adopted by the President of the United States, Mr. Truman. Mr. Wilson Wyatt prepared the program. I should say the bill adopts the President's program since it is intended to carry out the Truman-Wyatt

housing program. It is to build houses for veterans. We gave war workers preference for 4 years, which we should have done. They are in those homes now that we helped them to get at fair prices and fair rentals. The object of this bill is to let returning veterans have priority for the next 2 years in getting homes in the same manner that the war workers obtained those homes during the war. Certainly they are entitled to a home if they can buy that home or if they can rent that home. The object is to channel building materials into the most deserving hands and quit building amusement places, honky-tonks, and bowling alleys until more homes are built for veterans.

The SPEAKER. The time of the gentleman from Texas has expired.

PERMISSION TO ADDRESS THE HOUSE

Mr. JENKINS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

[Mr. JENKINS addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mrs. ROGERS of Massachusetts asked and was given permission to extend her remarks and include a bill she introduced to give veterans preference in the purchase of Government housing.

Mr. KNUTSON (at the request of Mr. MARTIN of Massachusetts) was given permission to extend his remarks in the Appendix of the Record and include excerpts from a radio address.

Mrs. LUCE (at the request of Mr. MARTIN of Massachusetts) was given permission to extend her remarks in the Appendix of the Record and include a radio address delivered last Thursday.

Mr. MICHENER (at the request of Mr. MARTIN of Massachusetts) was given permission to extend his remarks in the Appendix of the Record and include a news release.

Mr. RAMEY asked and was given permission to extend his remarks in the Appendix of the Record in two instances, in one to include an article by Mr. Henry A. Page; and in the other to include an article on the Wyatt housing program.

Mr. MILLER of Nebraska asked and was given permission to extend his remarks in the Appendix of the Record and include a letter from a constituent.

Mr. BARRETT of Wyoming asked and was given permission to extend his remarks in the Appendix of the Record and include an article from the Cody Enterprise of Cody, Wyo.

Mr. WHITE. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the Record and include an article on money facts and fallacies; also to extend my remarks in the Appendix of the Record and include therein a letter from Mr. R. H. Crowley of Spokane, Wash., the paragraphs of which are numbered, and also a copy of my reply to Mr. Crowley. On page 4 of my reply I have capitalized two words. I ask that in the printing of this letter

these words may be capitalized as I have indicated.

The SPEAKER. Without objection, the requests of the gentleman from Idaho are granted.

There was no objection.

SPECIAL ORDER GRANTED

Mr. PHILLIPS. Mr. Speaker, I ask unanimous consent to address the House for 30 minutes tomorrow after the legislative business of the day and special orders entered for that day.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

UNWARRANTED ATTACKS UPON GOVERNMENT OFFICIALS

Mr. COX. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

[Mr. Cox addressed the House. His remarks appear in the Appendix.]

PROGRESS ON PROSTHETIC APPLIANCES

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to include as part of my remarks an advertisement by Mrs. Evalyn Walsh McLean.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I know those Members who have not seen the new laboratory which is progressing at Walter Reed Hospital for research and work on artificial hands would be very much interested in seeing this laboratory. It is conducted under Major Slocum who has a corps of very fine officers and enlisted men assisting him. They are doing superlatively good work. They are so interested, Mr. Speaker, that they work even Sundays and evenings. They are doing everything possible in an effort to make artificial arms and hands to be as nearly normal as possible and to make use of the arms, hands, and fingers in action so nearly like the action in real hands as possible. They have a great goal to reach.

The work is often discouraging, but they are progressing satisfactorily and deserve the greatest possible praise and appreciation.

The SPEAKER. The time of the gentlewoman from Massachusetts has expired.

BUILDING MATERIALS

Mr. WHITE. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Idaho?

There was no objection.

Mr. WHITE. Mr. Speaker, I was very much interested in the proposition made by the gentleman from Texas in connection with the channeling of lumber and materials for the building of houses for veterans; however, from my recent experience it is my opinion there should be

a modification of an emergency clause inserted in any plan of this kind.

I may cite to the House a case in my capital city of Boise, Idaho, where the collector of internal revenue has had the house he lived in sold out from under him. He now has no place to go with his family. He can buy a lot but he cannot buy any materials with which to build a house, all of it being channeled into veterans' homes. In cases of this kind, if such a policy is to be adopted, there should be an emergency clause inserted to protect situations of this kind.

EXTENSION OF REMARKS

Mr. BELL asked and was given permission to extend his remarks in the Record and include an article from the Christian Science Monitor of February 23, 1946.

Mr. CELLER asked and was given permission to extend his remarks in the Record in four instances.

ANGLO-AMERICAN COMMITTEE ON INQUIRY ON PALESTINE

Mr. CELLER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CELLER. Mr. Speaker, Bartley Crum, United States representative on the Anglo-American Committee on Inquiry on Palestine, after personally investigating conditions made a forthright statement concerning the courage, dignity, orderliness, and grim determination as well of the displaced Jews in Europe to go to Palestine. Mr. Crum said, "The Jews have taken about all they can. They are at the breaking point." Immediately thereafter, Sir John Singleton, British chairman, ordered the members of the committee, including Mr. Crum, into silence.

Are the American members to remain supine and allow gags to be placed in their mouths? What does Singleton want the committee to hide?

It is well known that British members are hewing close to the Bevin line, and will defend to the death the wretched British colonial policy in Palestine.

EXTENSION OF REMARKS

Mr. OUTLAND. Mr. Speaker, on February 21 I asked to have inserted in the Appendix of the Record a statement by Under Secretary of State Dean Acheson on the British loan. The Public Printer informs me that this will exceed two pages of the Record and cost \$138.80, notwithstanding which I ask unanimous consent to have it inserted in the Record.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. OUTLAND. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

[Mr. OUTLAND addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. FORAND asked and was given permission to extend his remarks in the Record and include a telegram from the Pawtucket Real Estate Exchange.

PERMISSION TO ADDRESS THE HOUSE

Mr. FORAND. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and include a table.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

[Mr. FORAND addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. MANSFIELD of Montana. Mr. Speaker, I ask unanimous consent that in connection with some remarks I intend to make in the Committee of the Whole this afternoon I may be permitted to insert a copy of the bill H. R. 5515, and also a letter from Hon. John B. Blandford, Administrator, National Housing Agency.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. LYNDON B. JOHNSON asked and was given permission to extend his remarks in the Record and to include brief radio comments concerning the chairman of the House Committee on Foreign Affairs.

Mr. HILL asked and was given permission to extend his remarks in the Record and include a copy of a letter by Governor Vivian, of Colorado, to Wilson W. Wyatt, Housing Expediter, and also a telegram from Mr. Brandenburg, executive vice president, Denver Association of Home Builders.

PERMISSION TO ADDRESS THE HOUSE

Mrs. DOUGLAS of Illinois. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentlewoman from Illinois?

There was no objection.

[Mrs. DOUGLAS of Illinois addressed the House. Her remarks appear in the Appendix.]

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

[Mr. KNUTSON addressed the House. His remarks appear in the Appendix.]

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to include a portion of a letter, and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

[Mr. SPRINGER addressed the House. His remarks appear in the Appendix.]

SPECIAL ORDER GRANTED

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent that on Thursday and Friday next I be permitted to address the House, following any special orders heretofore entered, for 15 minutes, speaking on un-American activities or anything else that may occur to me in the meantime.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

EXTENSION OF REMARKS

Mr. HOFFMAN asked and was given permission to extend his remarks in the Record on two subjects and include excerpts from letters and newspapers.

Mr. SHAFER asked and was given permission to extend his remarks in the Record in three instances, and to include in one an editorial and in another a telegram.

Mr. GILLIE asked and was given permission to extend his remarks in the Record and include a letter from Mr. Merle Bennett, president of Local 901, United Electrical, Radio, and Machine Workers of America, Fort Wayne, Ind., together with some telegrams.

Mr. McCORMACK asked and was given permission to extend his remarks in the Record and include an article appearing in the Boston Globe of February 21, written by Walter Lippmann, entitled "Our Military Power Not Disintegrating."

Mr. LEMKE asked and was given permission to extend his remarks in the Record and include an editorial from the Williston (N. Dak.) Herald.

Mr. BRADLEY of Michigan asked and was given permission to extend his remarks in the Record and include a radio broadcast recently delivered by himself.

Mr. SPENCE. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I expect to make in the Committee of the Whole today and include a letter from Wilson W. Wyatt, and I further ask that the Clerk may read that letter at that time.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

CALENDAR WEDNESDAY BUSINESS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the business in order tomorrow, Calendar Wednesday, be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

LEAVE OF ABSENCE

Mr. BELL. Mr. Speaker, I ask unanimous consent that the gentleman from Missouri [Mr. SLAUGHTER] be granted leave of absence for 5 days on account of a death in his family.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include certain information.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

[Mr. McCORMACK addressed the House. His remarks appear in the Appendix.]

CALL OF THE HOUSE

Mr. WILSON. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 32]

Andrews, Ala.	Feighan	Norrell
Arends	Fernandez	Norton
Baldwin, Md.	Fisher	O'Toole
Baldwin, N. Y.	Flood	Peterson, Ga.
Barden	Fulton	Pfeiffer
Beall	Gardner	Plumley
Bloom	Gifford	Powell
Boykin	Gillette	Quinn, N. Y.
Bradley, Pa.	Green	Randolph
Brehm	Gwynn, N. Y.	Reese, Tenn.
Brumbaugh	Hart	Reed, N. Y.
Bryson	Hays	Rivers
Buckley	Heffernan	Robertson,
Burgin	Heseltun	N. Dak.
Byrne, N. Y.	Holmes, Mass.	Robinson, Utah
Cannon, Fla.	Hook	Sasscer
Case, N. J.	Jarman	Schwabe, Mo.
Case, S. Dak.	Judd	Schwabe, Okla.
Chapman	Kee	Sheridan
Chelf	Keefe	Simpson, Pa.
Chenoweth	Kerr	Slaughter
Chiferfield	Landis	Somers, N. Y.
Clements	Latham	Taylor
Clinginger	Luce	Vorvys, Ohio
Cole, Kans.	Lynch	Walter
Courtney	McConnell	Weaver
Curley	McGlinchey	West
Dawson	McGregor	White
Dolliver	Morrison	Winter
Domengeaux	Murray, Tenn.	Zimmerman

The SPEAKER. On this roll call 332 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

MERCHANT SHIP SALES ACT, 1946

Mr. BLAND. Mr. Speaker, I call up the conference report on the bill H. R. 3603, an act to provide for the sale of surplus war-built vessels, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the

amendment of the Senate to the bill (H. R. 3603) to provide for the sale of surplus war-built vessels, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That this Act may be cited as the 'Merchant Ship Sales Act of 1946'."

"DECLARATION OF POLICY

"SEC. 2. (a) It is necessary for the national security and development and maintenance of the domestic and the export and import foreign commerce of the United States that the United States have an efficient and adequate American-owned merchant marine (1) sufficient to carry its domestic water-borne commerce and a substantial portion of its water-borne export and import foreign commerce and to provide shipping service on all routes essential for maintaining the flow of such domestic and foreign water-borne commerce at all times; (2) capable of serving as a naval and military auxiliary in time of war or national emergency; (3) owned and operated under the United States flag by citizens of the United States; (4) composed of the best-equipped, safest, and most suitable types of vessels, constructed in the United States and manned with a trained and efficient citizen personnel; and (5) supplemented by efficient American-owned facilities for shipbuilding and ship repair, marine insurance, and other auxiliary services.

"(b) It is hereby declared to be the policy of this Act to foster the development and encourage the maintenance of such a merchant marine.

"DEFINITIONS

"SEC. 3. As used in this Act the term—

"(a) 'Commission' means the United States Maritime Commission.

"(b) 'War-built vessel' means an ocean-going vessel of one thousand five hundred gross tons or more, owned by the United States and suitable for commercial use—

"(1) which was constructed or contracted for by or for the account of the United States during the period, beginning January 1, 1941, and ending with September 2, 1945; or

"(2) which, having been constructed during the period beginning September 3, 1939, and ending with September 2, 1945, was acquired by the United States during such period.

"(c) 'Prewar domestic costs', as applied to any type of vessel, means the amount determined by the Commission, and published by the Commission in the Federal Register, to be the amount for which a standard vessel of such type could have been constructed (without its national defense features) in the United States under normal conditions relating to labor, materials, and other elements of cost, obtaining on or about January 1, 1941. In no case shall the prewar domestic cost of any type of vessel be considered to be greater than 80 per centum of the domestic war cost of vessels of the same type.

"(d) 'Statutory sales price', as applied to a particular vessel, means, in the case of a dry-cargo vessel, an amount equal to 50 per centum of the prewar domestic cost of that type of vessel, and in the case of a tanker, such term means an amount equal to 87½ per centum of the prewar domestic cost of a tanker of that type, such amount in each case being adjusted as follows:

"(1) If the Commission is of the opinion that the vessel is not in class, there shall be subtracted the amount estimated by the Commission as the cost of putting the vessel in class.

"(2) If the Commission is of the opinion that the vessel lacks desirable features which are incorporated in the standard vessel used

for the purpose of determining prewar domestic cost, and that the statutory sales price (unadjusted) would be lower if the standard vessel had also lacked such features, there shall be subtracted the amount estimated by the Commission as the amount of such resulting difference in statutory sales price.

"(3) If the Commission is of the opinion that the vessel contains desirable features which are not incorporated in the standard vessel used for the purpose of determining prewar domestic cost, and that the statutory sales price (unadjusted) would be higher if the standard vessel had also contained such features, there shall be added the amount estimated by the Commission as the amount of such resulting difference in statutory sales price.

"(4) There shall be subtracted, as representing normal depreciation, an amount computed by applying to the statutory sales price (determined without regard to this paragraph) the rate of 5 per centum per annum for the period beginning with the date of the original delivery of the vessel by its builder and ending with the date of sale or charter to the applicant in question, and there shall also be subtracted an amount computed by applying to the statutory sales price (determined without regard to this paragraph) such rate not in excess of 3 per centum per annum in the case of a vessel other than a tanker, and not in excess of 4 per centum per annum in the case of a tanker, for such period or periods of war service as the Commission determines will make reasonable allowance for excessive wear and tear by reason of war service which cannot be or has not been otherwise compensated for under this subsection.

"No adjustment, except in respect of passenger vessels constructed before January 1, 1941, shall be made under this Act which will result in a statutory sales price which (1) in the case of dry-cargo vessels (except Liberty type vessels) will be less than 35 per centum of the domestic war cost of vessels of the same type, (2) in the case of any Liberty type vessel will be less than 31½ per centum of the domestic war cost of vessels of such type, or (3) in the case of a tanker will be less than 50 per centum of the domestic war cost of tankers of the same type. For the purposes of this Act, except section 5, all Liberty vessels shall be considered to be vessels of one and the same type.

"(e) 'Domestic war cost' as applied to any type of vessel means the average construction cost (without national defense features) as determined by the Commission, of vessels of such type delivered during the calendar year 1944, except in case of any type of vessel the principal deliveries of which were made after the calendar year 1944, there shall be used in lieu of such year 1944 such period of not less than six consecutive calendar months as the Commission shall find to be most representative of war production costs of such type.

"(f) 'Cessation of hostilities' means the date proclaimed by the President as the date of the cessation of hostilities in the present war, or the date so specified in a concurrent resolution of the two Houses of the Congress, whichever is the earlier.

"(g) 'Citizen of the United States' includes a corporation, partnership, or association only if it is a citizen of the United States within the meaning of section 2 of the Shipping Act of 1916, as amended. The term 'affiliated interest' as used in sections 9 and 10 of this Act includes any person affiliated or associated with a citizen applicant for benefits under this Act who the Commission, pursuant to rules and regulations prescribed hereunder, determines should be so included in order to carry out the policy and purposes of this Act.

"SALES OF WAR-BUILT VESSELS TO CITIZENS

"SEC. 4. (a) Any citizen of the United States may make application to the Commis-

sion to purchase a war-built vessel, under the jurisdiction and control of the Commission, at the statutory sales price. If the Commission determines that the applicant possesses the ability, experience, financial resources, and other qualifications, necessary to enable him to operate and maintain the vessel under normal competitive conditions, and that such sale will aid in carrying out the policies of this Act, the Commission shall sell such vessel to the applicant at the statutory sales price.

"(b) At the time of sale, the purchaser shall pay to the Commission at least 25 per centum of the statutory sales price. The balance of the statutory sales price shall be payable in not more than twenty equal annual installments, with interest on the portion of the statutory sales price remaining unpaid, at the rate of 3½ per centum per annum, or shall be payable under such other amortization provisions which permit the purchaser to accelerate payment of the unpaid balance as the Commission deems satisfactory. The obligation of the purchaser with respect to payment of such unpaid balance with interest shall be secured by a preferred mortgage on the vessel sold.

"(c) The contract of sale, and the mortgage given to secure the payment of the unpaid balance of the purchase price, shall not restrict the lawful or proper use or operation of the vessel.

"CHARTER OF WAR-BUILT VESSELS TO CITIZENS"

"SEC. 5 (a) Any citizen of the United States and, until July 4, 1946, any citizen of the Commonwealth of the Philippines, may make application to the Commission to charter a war-built dry-cargo vessel, under the jurisdiction and control of the Commission, for bare-boat use. The Commission may, in its discretion, either reject or approve the application, but shall not so approve unless in its opinion the chartering of such vessel to the applicant would be consistent with the policies of this Act. No vessel shall be chartered under this section until sixty days after publication of the applicable prewar domestic cost in the Federal Register under subsection 3 (c) of this Act.

"(b) The charter hire for any vessel chartered under the provisions of this section shall be fixed by the Commission at such rate as the Commission determines to be consistent with the policies of this Act, but, except upon the affirmative vote of not less than four members of the Commission, such rate shall not be less than 15 per centum per annum of the statutory sales price (computed as of the date of charter). Except in the case of vessels having passenger accommodations for not less than eighty passengers, rates of charter hire fixed by the Commission on any war-built vessel which differ from the rate specified in this subsection shall not be less than the prevailing world market charter rates for similar vessels for similar use as determined by the Commission.

"(c) The provisions of sections 703, 709, 710, 712, and 713, of the Merchant Marine Act, 1936, as amended, shall be applicable to charters made under this section.

"SALE OF WAR-BUILT VESSELS TO PERSONS NOT CITIZENS OF THE UNITED STATES"

"SEC. 6. (a) Any person not a citizen of the United States may make application to the Commission to purchase a war-built vessel (other than a P-2 type or other passenger type and other than a Liberty type collier or tanker), under the jurisdiction and control of the Commission. If the Commission determines—

"(1) that the applicant has the financial resources, ability, and experience necessary to enable him to fulfill all obligations with respect to payment of any deferred portion of the purchase price, and that sale of the vessel to him would not be inconsistent with any policy of the United States in permitting foreign sales under section 9 of the Shipping Act, 1916, as amended; and

"(2) after consultation with the Secretary of the Navy, that such vessel is not necessary to the defense of the United States; and

"(3) that such vessel is not necessary to the promotion and maintenance of an American merchant marine described in section 2; and

"(4) that for a reasonable period of time, which in the case of tankers and 'C' type vessels shall not end before ninety days after publication of the applicable prewar domestic cost in the Federal Register under subsection 3 (c) of this Act, such vessel has been available for sale at the statutory sales price to citizens of the United States, or for charter under section 5 to citizens of the United States, and that no responsible offer has been made by a citizen of the United States to purchase or charter such vessel;

then the Commission is authorized to approve the application and sell such vessel to the applicant at not less than the statutory sales price. In case of application submitted by a citizen of the Commonwealth of the Philippines, paragraph (4) of this subsection shall not apply. Notwithstanding paragraph (4) of this subsection, not to exceed ten 'C' type vessels, except C-3's, may be sold to non-citizens at any time after such date of publication at not less than the statutory sales price.

"(b) Notwithstanding any other provision of law, no war-built vessel shall be sold to any person not a citizen of the United States, except in accordance with subsection (a), or upon terms or conditions more favorable than those at which such war-built vessel is offered to a citizen of the United States, but where the vessel so sold is being transferred to foreign register and flag, the mortgage securing the unpaid balance of the purchase price and interest thereon shall contain provisions according to such mortgage the priorities over other liens and encumbrances accorded such mortgages on merchant vessels under the laws of such registry and flag.

"ORDER OF PREFERENCES"

"SEC. 7. (a) In exercising its powers under this Act and under other provisions of law with respect to the sale and charter of war-built vessels, the Commission shall give preference to citizen applicants over noncitizen applicants, and as between citizen applicants to purchase and citizen applicants to charter, shall, so far as practicable and consistent with the policies of this Act, give preference to citizen applicants to purchase. In determining the order of preference between citizen applicants to purchase or between citizen applicants to charter, the Commission shall consider, among other relevant factors, the extent to which losses and requisitions of the applicant's prewar tonnage have been overcome and shall in all cases, in the sale and charter of a war-built vessel, give preference in such sale or charter, as the case may be, to the former owner of such vessel, or to the person for whom the vessel was constructed but to whom delivery thereof was prevented by the United States. In determining the order of preference between noncitizen applicants to purchase, the Commission shall give preference to citizens of the Commonwealth of the Philippines, and in determining the order of preference between other non-citizen applicants to purchase shall consider the extent to which losses in prewar tonnage of the various member nations of the United Nations, incurred in the interests of the war effort, have been overcome, and the relative effects of such losses upon the national economy of such member nations.

"(b) After the cessation of hostilities, operation of vessels in commercial service by the United States, either for its own account or through operating agents under agency agreements, shall, except as to the Panama Railroad Company and other services specifically authorized by law, be continued only to the extent necessary to effect orderly transfer of vessels to private operation.

"EXCHANGE OF VESSELS"

"SEC. 8. (a) The Commission is authorized to acquire, in exchange for an allowance of a credit on the purchase of any war-built vessel under section 4 or any vessel acquired through exchange under subsection (d) of this section—

"(1) Any vessel owned by a citizen of the United States, other than a vessel purchased under this Act; or

"(2) Any vessel owned by a foreign corporation, if—

"(A) the vessel was constructed in the United States, and has, after December 7, 1941, been chartered to, or otherwise taken for use by, the United States; and

"(B) the controlling interest in such corporation is, at the time of acquisition of such vessel hereunder, owned by a citizen or citizens of the United States, and has been so owned for a period of at least three years immediately prior to such acquisition; and

"(C) such corporation agrees that the war-built vessel purchased with the use of such credit shall be owned by such citizen or citizens and shall be documented under the laws of the United States.

"Such allowance shall not be applied upon the cash payment required under section 4. A war-built vessel shall be deemed a 'new vessel' for the purpose of section 511 of the Merchant Marine Act, 1936, as amended, and section 510 (e) of such Act shall be applicable with respect to vessels exchanged under this section to the same extent as applicable to obsolete vessels exchanged under section 510 of such Act.

"(b) (1) If, prior to December 31, 1946, the owner of a vessel eligible for exchange under subsection (a) makes a firm offer binding for at least ninety days, to transfer the vessel to the Commission in exchange for an allowance of credit provided in subsection (a), the amount of such allowance shall be the fair and reasonable value of the vessel as determined by the Commission under this section. In making such determination the Commission shall consider: (A) The value of the vessel determined in accordance with the standards of valuation established pursuant to Executive Order 9387 (8 F. R. 14105) as of the date of such offer, (B) any liability of the United States for repair and restoration of the vessel, (C) the utility value of the vessel, (D) the effect of this Act upon the market value of such vessel, and (E) the public interest in promoting exchanges of vessels as a means of rehabilitating and modernizing the American merchant marine. In no event shall the amount of such allowance, in case of dry cargo vessels and tankers, exceed (A) (1) if the vessel or vessels tendered in exchange are of equal or greater dead-weight tonnage than the war-built vessel or vessels being acquired, 33½ per centum of the statutory sales price (unadjusted) of the war-built vessel or vessels, or (2) if the vessel or vessels tendered in exchange are of lesser dead-weight tonnage than the war-built vessel or vessels, such proportionate part of 33½ per centum of the statutory sales price (unadjusted) of such war-built vessel or vessels as the dead-weight tonnage of such vessel or vessels tendered in exchange bear to the dead weight tonnage of such war-built vessel or vessels, or (B) the liability of the United States in connection with the repair or restoration of such vessel under any charter to which the United States is a party, whichever is the higher. In the case of passenger vessels tendered in exchange, the amount of the allowance shall not exceed the percentages of statutory sales price computed under (A) (1) and (2) above by gross tons instead of dead-weight tons, or such liability for the repair or restoration of such passenger vessel, whichever is the higher. In any case where the vessel tendered in exchange was acquired from the United States, the exchange allowance under this section shall not exceed the price paid the United States therefor plus the depreciated cost of any improvements

thereon. In the case of any vessel tendered in exchange which has been restored to condition by the United States for the purpose of redelivering such vessel to its owner in compliance with the charter of such vessel with the United States, or where, for such restoration a cash allowance has been made to the owner, there shall be deducted from the amount of the allowance of credit for such vessel determined by the Commission under this section, an amount equal to the liability of the United States for such restoration or such cash allowance made to the owner.

"(2) If, after such offer is made, and prior to its acceptance, or prior to the acquisition of the vessel, by the Commission, the vessel is lost by reason of causes for which the United States is responsible, then in lieu of paying the owner any amount on account of such loss, the offer shall, for the purposes of subsection (a) and this subsection, be considered as having been accepted and the vessel as having been acquired by the Commission under subsection (a) immediately prior to such loss.

"(c) The Commission is also authorized to make available any war-built vessel for transfer in complete or partial settlement of any claim against the United States (1) for just compensation upon requisition for title of any vessel, or (2) for indemnity for the loss of any vessel which was acquired for use by the United States, but only to the extent such vessel is available for sale to the claimant.

"(d) In the case of any vessel constructed in the United States after January 1, 1937, which has been taken by the United States for use in any manner, the Commission, if in its opinion the transfer would aid in carrying out the policies of this Act, is authorized to transfer to the owner of such vessel another vessel which is deemed by the Commission to be of comparable type with adjustments for depreciation and difference in design or speed, and to the extent applicable, adjustments with respect to the retained vessel as provided for in section 9, and such other adjustments and terms and conditions, including transfer of mortgage obligations in favor of the United States binding upon the old vessel, as the Commission may prescribe.

"ADJUSTMENT FOR PRIOR SALES TO CITIZENS

"SEC. 9. (a) A citizen of the United States who on the date of the enactment of this Act—

"(1) owns a vessel which he purchased from the Commission prior to such date, and which was delivered by its builder after December 31, 1940; or

"(2) is party to a contract with the Commission to purchase from the Commission a vessel, which has not yet been delivered to him; or

"(3) owns a vessel on account of which a construction-differential subsidy was paid, or agreed to be paid, by the Commission under section 504 of the Merchant Marine Act, 1936, as amended, and which was delivered by its builder after December 31, 1940; or

"(4) is party to a contract with a ship-builder for the construction for him of a vessel, which has not yet been delivered to him, and on account of which a construction-differential subsidy was agreed, prior to such date, to be paid by the Commission under section 504 of the Merchant Marine Act, 1936, as amended;

shall, except as hereinafter provided, be entitled to an adjustment in the price of such vessel under this section if he makes application therefor, in such form and manner as the Commission may prescribe, within sixty days after the date of publication of the applicable prewar domestic costs in the Federal Register under section 3 (c) of this Act. No adjustment shall be made under this section in respect of any vessel the contract for the construction of which was made after September 2, 1945, under the pro-

visions of title V (including section 504) or title VII of the Merchant Marine Act, 1936, as amended.

"(b) Such adjustment shall be made, as hereinafter provided, by treating the vessel as if it were being sold to the applicant on the date of the enactment of this Act, and not before that time. The amount of such adjustment shall be determined as follows:

"(1) The Commission shall credit the applicant with the excess of the cash payments made upon the original purchase price of the vessel over 25 per centum of the statutory sales price of the vessel as of such date of enactment. If such payment was less than 25 per centum of the statutory sales price of the vessel, the applicant shall pay the difference to the Commission.

"(2) The applicant's indebtedness under any mortgage to the United States with respect to the vessel shall be adjusted.

"(3) The adjusted mortgage indebtedness shall be in an amount equal to the excess of the statutory sales price of the vessel as of the date of the enactment of this Act over the sum of the cash payment retained by the United States under paragraph (1) plus the readjusted trade-in allowance (determined under paragraph (7)) with respect to any vessel exchanged by the applicant on the original purchase. The adjusted mortgage indebtedness shall be payable in equal annual installments thereafter during the remaining life of such mortgage with interest on the portion of the statutory sales price remaining unpaid at the rate of $3\frac{1}{2}$ per centum per annum.

"(4) The Commission shall credit the applicant with the excess, if any, of the sum of the cash payments made by the applicant upon the original purchase price of the vessel plus the readjusted trade-in allowance (determined under paragraph (7)) over the statutory sales price of the vessel as of the date of the enactment of this Act to the extent not credited under paragraph (1).

"(5) The Commission shall also credit the applicant with an amount equal to interest at the rate of $3\frac{1}{2}$ per centum per annum (for the period beginning with the date of the original delivery of the vessel to the applicant and ending with the date of the enactment of this Act) on the excess of the original purchase price of the vessel over the amount of any allowance allowed by the Commission on the exchange of any vessel on such purchase; the amount of such credit first being reduced by any interest on the original mortgage indebtedness accrued up to such date of enactment and unpaid. Interest so accrued and unpaid shall be canceled.

"(6) The applicant shall credit the Commission with all amounts paid by the United States to him as charter hire for use of the vessel (exclusive of service, if any, required under the terms of the charter) under any charter party made prior to the date of the enactment of this Act, and any charter hire for such use accrued up to such date of enactment and unpaid shall be canceled; and the Commission shall credit the applicant with the amount that would have been paid by the United States to the applicant as charter hire for bare-boat use of vessels exchanged by the applicant on the original purchase (for the period beginning with date on which the vessels so exchanged were delivered to the Commission and ending with the date of the enactment of this Act).

"(7) The allowance made to the applicant on any vessel exchanged by him on the original purchase shall be readjusted so as to limit such allowance to the amount provided for under section 8.

"(8) There shall be subtracted from the sum of the credits in favor of the Commission under the foregoing provisions of this subsection the amount of any overpayments of Federal taxes by the applicant resulting from the application of subsection (1),

and there shall be subtracted from the sum of the credits in favor of the applicant under the foregoing provisions of this subsection the amount of any deficiencies in Federal taxes of the applicant resulting from the application of subsection (c) (1). If, after making such subtractions, the sum of the credits in favor of the applicant exceeds the sum of the credits in favor of the Commission, such excess shall be paid by the Commission to the applicant. If, after making such subtractions, the sum of the credits in favor of the Commission exceeds the sum of the credits in favor of the applicant, such excess shall be paid by the applicant to the Commission. Upon such payment by the Commission or the applicant, such overpayments shall be treated as having been refunded and such deficiencies as having been paid.

For the purposes of this subsection, the purchase price of a vessel on account of which a construction differential subsidy was paid or agreed to be paid under section 504 of the Merchant Marine Act, 1936, as amended, shall be the net cost of the vessel to the owner.

"(c) An adjustment shall be made under this section only if the applicant enters into an agreement with the Commission binding upon the citizen applicant and any affiliated interest to the effect that—

"(1) depreciation and amortization allowed or allowable with respect to the vessel up to the date of the enactment of this Act for Federal tax purposes shall be treated as not having been allowable; amounts credited to the Commission under subsection (b) (6) shall be treated for Federal tax purposes as not having been received or accrued as income; amounts credited to the applicant under subsection (b) (5) and (6) shall be treated for Federal tax purposes as having been received and accrued as income in the taxable year in which falls the date of the enactment of this Act;

"(2) the liability of the United States for use (exclusive of service, if any, required under the terms of the charter) of the vessel on or after the date of the enactment of this Act under any charter party shall not exceed 15 per centum per annum of the statutory sales price of the vessel as of such date of enactment; and the liability of the United States under any such charter party for loss of the vessel shall be determined on the basis of the statutory sales price as of the date of the enactment of this Act, depreciated to the date of loss at the rate of 5 per centum per annum; and

"(3) in the event the United States, prior to the termination of the existing national emergency declared by the President on May 27, 1941, uses such vessel pursuant to a taking, or pursuant to a bare-boat charter, made, on or after the date of the enactment of this Act, the compensation to be paid to the purchaser, his receivers, and trustees, shall in no event be greater than 15 per centum per annum of the statutory sales price as of such date.

"(d) Section 506 of the Merchant Marine Act, 1936, as amended, shall not apply with respect to (1) any vessel which is eligible for an adjustment under this section, or (2) any vessel described in clause (1), (2), (3), or (4) of subsection (a) of this section, the contract for the construction of which is made after September 2, 1945, and prior to the date of enactment of this Act.

"LIMITATION ON ELIGIBILITY FOR BENEFITS OF ACT

"SEC. 10. No person shall be eligible to purchase or charter a war-built vessel under this Act, or to receive an adjustment under section 9, unless such person makes an agreement with the Commission binding upon such person and any affiliated interest to the effect that the liability of the United States under any charter party or taking for use, made or effected prior to the date of the enactment of this Act, for the loss, on

or after such date of enactment and prior to September 3, 1947, of any vessel owned by such person and under charter to the United States (excluding a vessel with respect to which an adjustment is made under section 9) shall be limited to an amount equal to just compensation as of the date of said loss, determined pursuant to existing law, or such amount as may be mutually agreed upon subsequent to the date of the enactment of this Act as just compensation under the provisions of existing law.

"NATIONAL DEFENSE RESERVE FLEET"

"SEC. 11. (a) The Commission shall place in a national defense reserve (1) such vessels owned by it as, after consultation with the Secretary of War and the Secretary of the Navy, it deems should be retained for the national defense, and (2) all vessels owned by it on December 31, 1947, for the sale of which a contract has not been made by that time, except those determined by the Commission to be of insufficient value for commercial and national defense purposes to warrant their maintenance and preservation, and except those vessels, the contracts for the construction of which are made after September 2, 1945, under the provisions of the Merchant Marine Act, 1936, as amended. A vessel under charter on December 31, 1947, shall not be placed in the reserve until the termination of such charter. Unless otherwise provided for by law, all vessels placed in such reserve shall be preserved and maintained by the Commission for the purpose of national defense. A vessel placed in such reserve shall in no case be used for commercial operation, except that any such vessel may be used during any period in which vessels may be requisitioned under section 902 of the Merchant Marine Act, 1936, as amended.

"(b) Any war-built vessel may be made available by the Commission to any State maintaining a marine school or nautical branch in accordance with the Act of July 29, 1941 (Public Law 191, Seventy-seventh Congress; 55 Stat. 607).

"GENERAL PROVISIONS"

"SEC. 12. (a) The Commission is authorized to reconvert or restore for normal operation in commercial services, including removal of national defense or war-service features, any vessel authorized to be sold or chartered under this Act. The Commission is authorized to make such replacements, alterations, or modifications with respect to any vessel authorized to be sold or chartered under this Act, and to install therein such special features, as may be necessary or advisable to make such vessel suitable for commercial operation on trade routes or services or comparable as to commercial utility to other such vessels of the same general type.

"(b) The provisions of section 202 of the War Mobilization and Reconversion Act of 1944 shall not apply to contracts of the Commission for or relating to construction of ships.

"(c) Notwithstanding the provisions of section 27 of the Merchant Marine Act, 1920, as amended (U. S. C., title 46, sec. 883), no vessel sold or chartered by the Commission under this Act to a citizen of the United States shall be prohibited from engaging in the coastwise trade of the United States while owned by or chartered to such citizen or citizen successors in interest merely because it was under foreign registry on or after May 27, 1941, and prior to its sale or charter under this Act to such citizen, if it is otherwise entitled under the laws of the United States to engage in such trade.

"(d) All moneys received by the Commission under this Act shall be deposited in the Treasury to the credit of miscellaneous receipts. The provisions of sections 201 (d), 204 (b), 207, 209 (a), and 905 (c) of the Merchant Marine Act, 1936, as amended, shall apply to all activities and functions which

the Commission is authorized to perform under this Act.

"REPORTS"

"SEC. 13. The Commission shall on July 1, 1946, and every three months thereafter, make a report to Congress with respect to all activities or transactions under this Act which have not been covered by any previous such report.

"TERMINATION DATE"

"SEC. 14. No contract of sale or of charter shall be made under this Act after December 31, 1947."

And the Senate agree to the same.

S. O. BLAND,
J. J. MANSFIELD,
FRANK W. BOYKIN,
RICHARD J. WELCH,
FRED BRADLEY,

Managers on the Part of the House.

GEORGE L. RADCLIFFE,
JOSHUA W. BAILEY,
JOHN H. OVERTON,
OWEN BREWSTER,
THOS. C. HART,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (H. R. 3603) to provide for the sale of surplus war-built vessels, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause. The conference agreement is a substitute for both the House bill and the Senate amendment. The conferees, however, have limited their changes in the text to those portions wherein the House bill and the Senate amendment differed in language, with only such incidental changes as were necessary because of the language changes made by the conferees in the differing portions of the House bill and the Senate amendment.

Language was inserted to clarify the status of Philippine citizens who are nationals (but not citizens) of the United States, pending independence, making them eligible until July 4, 1946, to apply for charters of dry-cargo vessels as may citizens of the United States. They were also given a preference over other noncitizens in buying vessels as noncitizens.

SHORT TITLE

The conference bill provides that the short title of the act shall be "Merchant Ship Sales Act of 1946."

DECLARATION OF POLICY

Section 2 (a) of the House bill and of the Senate amendment both follow very closely the declaration of policy in the Merchant Marine Act, 1936. The House bill added clause (5) and the Senate amendment transposed the reference to foreign and domestic commerce in the declaration to emphasize the necessity for an American merchant marine sufficient to provide for all the domestic water-borne commerce and to emphasize the maintenance (as well as the development) of both the domestic and foreign commerce. The Senate amendment also added to clause (5) a reference to shipbuilding and ship-repair facilities. The conference agreement includes all these changes. The changes from the declaration of policy in the 1936 act only state more specifically some points heretofore largely left to implication.

The Senate amendment inserted a clause in section 2 (b) adding a negative statement which might be construed so as to give rise to conflict in the application of policies otherwise affirmatively expressed in both the House and Senate versions of the bill. The conference bill omits this clause.

WAR-BUILT VESSELS

The House bill (sec. 3 (b)) applied to war-built vessels of 2,000 gross tons or more, whereas the Senate amendment applies to such vessels of 1,500 gross tons or more. The Senate figure would extend the coverage of the measure to smaller vessels suitable for coastwise trade (such as the N3 type), and is included in the conference bill.

The House bill (sec. 3 (b) (1) and (2)) applied to war-built vessels (Government-owned) constructed or contracted for by or for the account of the United States, on or before June 30, 1945, or which were constructed and acquired or reacquired by the United States on or before June 30, 1945. The Senate amendment covers vessels contracted for, or acquired by, the Commission or the War Shipping Administration (rather than the United States) on or before September 2, 1945 (instead of June 30, 1945).

The conference bill retains the House provisions as to construction or acquisition by the United States (rather than by the Commission only), and adopts the date of September 2, 1945 (instead of June 30, 1945).

PRICING PROVISIONS

Both the House bill (sec. 3 (c)) and the Senate amendment used prewar domestic-construction costs as the basis for computing selling prices. The House bill fixed the selling price for dry-cargo vessels at 55 percent to subsidized operators, and 50 percent to nonsubsidized operators, of the prewar domestic cost; and for tankers fixed at 100 percent of the prewar domestic cost (sec. 3 (d)). The Senate amendment fixed the price of dry-cargo vessels to all at 50 percent of prewar domestic cost and the tankers at 75 percent of the prewar domestic cost.

The conference bill fixes the price for dry-cargo vessels to all at 50 percent of the prewar domestic cost, and for tankers at 87½ percent of such cost.

FLOOR PRICES

Both the House bill and the Senate amendment establish floor prices below which selling prices cannot be reduced by adjustments for depreciation and other adjustment factors (sec. 3 (d)).

The House bill provided that in the case of dry-cargo vessels the floor price could not be less than 35 percent of the average construction cost (by types) for a nonsubsidized operator, nor less than 40 percent for any other operator, and in the case of a tanker could not be less than 50 percent of the construction cost. The Senate amendment fixes the floor price for dry-cargo vessels generally at 35 percent of cost, for Liberty types at 31½ percent, and 42 percent for tankers. The conference agreement fixes the floor price for dry-cargo vessels to all buyers at 35 percent, for Liberty-type vessels at 31½ percent, and 50 percent for tankers.

The Senate amendment inserted a definition of "domestic war cost" which gives that term the same meaning as "average construction cost" in the House bill, and the conference agreement adopts the definition as a drafting simplification.

Under the Senate amendment all Liberty vessels are to be considered of one and the same type, whereas under the House bill this provision was limited to dry-cargo vessels. The conference bill adopts the former provision, thereby including Liberty tankers under the pricing provisions generally applicable to Liberty-type vessels, but with a perfecting corollary amendment which prevents Liberty-type tankers from being chartered under section 5, chartering provisions, which include Liberty dry-cargo vessels.

In section 3 (g) the Senate amendment adds a definition of the term "affiliated interest" as used in sections 9 and 10 of the measure. The conference report includes this definition as being a protective amendment.

SALES OF WAR-BUILT VESSELS TO CITIZENS

Section 4 of the House bill and of the Senate amendment both prescribe terms of sale of war-built vessels to citizens and differ only in that the House bill required a determination that the applicant possess "the ability, experience, and financial resources, and other qualifications necessary to enable the applicant to operate and maintain the vessel purchased under normal competitive conditions." The Senate amendment required only the possession of "qualifications necessary to enable the applicant to operate and maintain the vessel purchased under normal competitive conditions." The conference bill restores the House language.

CHARTERS OF WAR-BUILT VESSELS TO CITIZENS

In section 5 of both the House bill and the Senate amendment provision is made for charter of war-built vessels to citizens, but under the House bill tankers were not included, while the Senate amendment did include tankers. The conference agreement restores the House limitation so that tankers may not be chartered under the measure.

The House bill, in section 5, contains a prohibition on charter of a vessel until it had been offered for sale with no acceptance for at least 3 months. The Senate amendment had no comparable provision. The conference bill provides in lieu of this provision that no vessel may be chartered under the section until 60 days after publication of the prewar domestic cost as required in section 3 (c) of the measure. The bill would not affect the existing authority of the War Shipping Administration and the Maritime Commission to charter vessels to citizens of the United States, which may be necessary for limited periods to speed up the resumption of private steamship operation.

The Senate amendment included an additional provision forbidding the Maritime Commission from rejecting any application for the purpose of denying lawful operation of any kind and restricting or limiting competition in the ocean trade of the United States. The conference bill does not include this provision, inasmuch as the discretion placed in the Commission by the section as to chartering will be governed by the declaration of policy and other provisions of the bill.

SALES OF WAR-BUILT VESSELS TO NONCITIZENS

Both the House bill and the Senate amendment (sec. 6) prescribe terms of sale of war-built vessels to persons not citizens of the United States. Both prohibit the sale to noncitizens of passenger-type and bulk dry-cargo Liberty-type vessels. To this prohibition is added in the conference bill a prohibition against the sale to noncitizens of Liberty tankers as a corollary action of the conferees with respect to the pricing provisions for Liberty-type tankers for sale to citizens.

The conference agreement adopts certain minor changes in the Senate amendment relating to the administration of section 6 and procedure preliminary to sale of vessels.

The House bill permitted the immediate sale to noncitizens of not more than 5 C-type vessels which were under charter to noncitizens. The Senate amendment increased this number to 10, but excluded therefrom C3-type vessels. The conference bill adopts the larger number.

COMMERCIAL OPERATIONS AFTER CESSATION OF HOSTILITIES

Section 7 (b) of the House bill prohibits, except to the extent necessary to effect transfer of vessels to private operation, the operation of vessels in commercial services by the Maritime Commission. The Senate amendment in section 7 (b) made this prohibition applicable to the United States (including, of course, the Maritime Commission) but excepted from the prohibition any operation specifically authorized by law.

The conference agreement adopts the Senate amendment with a further amendment expressly excepting the Panama Railroad Company in addition to other services which may be specifically authorized by law.

EXCHANGE OF VESSELS

The House bill and the Senate amendment in section 8 of each contain provisions with regard to the acquisition by the Commission of vessels in exchange for an allowance of credit on the purchase of war-built vessels.

The House bill provided that the trade-in allowances, to be determined by the Commission, should not exceed 10 percent of the average construction cost, having regard to the tonnage of the vessel being exchanged.

The Senate amendment fixed the maximum allowance at 33½ percent of the unadjusted statutory sales price where the vessel in exchange is of equal or greater dead-weight tonnage than the war-built vessel, and where the vessel in exchange is of lesser tonnage than the war-built vessel, the allowance should not exceed such fraction of one-third of the statutory sales price as the ratio of the dead-weight tonnage of the vessel offered in exchange bears to the tonnage of the war-built vessel.

The Senate amendment includes various standards for consideration by the Commission in making its determination of the credit allowance for the vessel turned in. These include values established under Rules of the Advisory Board on Just Compensation, the liability of the United States for repair and restoration of the vessel, the utility value of the vessel, the effect of the measure upon the market value of the vessel, and the public interest in promoting exchanges in order to rehabilitate and modernize the American merchant marine.

The conference agreement adopts the aforesaid standards of determination as a means of prescribing guides for the discretion of the Commission in making determinations.

The conference agreement also adopts the Senate provision for the limitation on the amount of the trade-in allowance.

The Senate amendment on trade-ins authorizes the trade-in allowance to be equal to but not more than the liability of the United States in connection with the repair or restoration of the trade-in vessel under any charter party with the United States. This provision was adopted in the conference agreement as in the interest of the Government and the merchant marine through placing war-built vessels in operation rather than expending large sums on restoring old vessels for return under charter.

Both the House bill and the Senate amendment (sec. 8 (b) (1)) contain a restriction against turning in of vessels for credit when the vessel had been restored by the United States for return under the charter or a cash allowance therefor had been made to the owner. The conference agreement adopts a modification of this restriction, which provides that any such vessel may not be turned in for a credit allowance on a new vessel unless the amount of the liability of the United States for restoration or the cash allowance therefor is repaid to the United States. This does not prevent turning in a vessel which has been returned to the owner or is to be returned to the owner with the removal only of the defense features at the expense of the United States, which cost is to be borne by the United States in any event.

The House bill (sec. 8 (b) (1)) contained a provision limiting the trade-in allowance on a turned-in vessel in any case where the vessel was acquired from the United States, to the price paid the United States therefor (plus the depreciated cost of betterments) unless the vessel has subsequently been acquired by a "bona fide purchaser for value." Under the Senate amendment no such ex-

ception is made. The conference agreement adopts the Senate provision.

The Senate amendment in connection with the limitation on the amount of the allowance when passenger vessels are traded in, uses gross tonnage in lieu of the deadweight tonnage. The conference agreement adopts this provision.

Both the House bill and the Senate amendment (sec. 8 (c)) include special provision for transfer of war-built vessels in settlement of claims arising in this war against the United States for just compensation in title requisition cases and for indemnity for loss in case of vessels lost while in use by the United States. The House provision limited this authority to such claims by citizens.

The Senate amendment does not so limit the status of the claims, but provides that no vessels may be transferred in settlement of a claim unless the vessel is available for sale under the bill to the claimant in question, to prevent evasion of the provisions of the bill with respect to the sale of vessels to noncitizens.

The conference agreement adopts this amendment.

The Senate amendment (sec. 8 (d)) included the transfer of vessels in exchange for vessels constructed in the United States since January 1, 1937, and taken for use by the United States in any manner. The vessels transferred in exchange must be a comparable type, that is of the same general type and adjustments are to be made for depreciation and differences in design and speed of the vessels involved. The conference agreement includes these provisions.

ADJUSTMENT OF PRIOR SALES TO CITIZENS

Section 9 in the House bill and the Senate amendment provides for the adjustment of prior sales to citizens. The House bill (sec. 9 (a)) excluded from adjustment any vessel, the contract for the construction of which was made after June 30, 1945, under the Merchant Marine Act, 1936, as amended. The Senate amendment would change the date to September 2, 1945, and the conference agreement adopts the latter date.

Both the House bill and the Senate amendment provided for (1) adjustment of the original purchase price, (2) adjustment of the charter hire, (3) adjustment of trade-in allowance in connection with the prior original purchase, and (4) adjustments of taxes paid on account of ownership of the vessel.

Under the House bill the owner would receive as an adjustment the difference between the statutory sales price of the vessel computed as of the date of enactment of the act and the price he originally paid for the vessel. The owner would return all charter hire previously received or allowed by the Government during his ownership of the vessel. The owner would be allowed 3½ percent interest on his original purchase price (but where there was a trade-in, only on the difference between his original purchase price and the allowance under the trade-in). Under the House bill where the original purchase involved the trade-in of an old vessel, the trade-in allowance is adjusted in accordance with the trade-in standards prescribed under section 8 of the House bill (top limit of 10 percent of the war cost). The owner would be allowed charter hire on the traded-in vessel.

Under the Senate amendment the owner would receive as an adjustment the difference between the original price (depreciated at 5 percent plus 3 or 4 percent war service) and the statutory sales price for the vessel determined as of the date of enactment of the measure. Under the Senate amendment the owner would return the difference between the charter hire he received from the Government while he owned the vessel and the charter hire he would have received had the price of the vessel been the adjusted price arrived at under the act. Under the Senate amendment the owner would receive credit for the interest he actually paid to

the Government on the deferred account of his original purchase price. The Senate amendment also provides for an adjustment of the trade-in allowance for a vessel traded in on the original purchase, in accordance with section 8 of the Senate amendment (which prescribes a top limit of one-third of the unadjusted statutory sales price). Under the Senate amendment no provision is made for allowance for charter hire of the traded-in vessel.

The conference agreement restores the House provisions on the points stated in the two preceding paragraphs.

The House bill and the Senate amendment both contain provisions relating to the adjustment of taxes and, in accord with the action of the conferees on the above-described differences, the conference agreement adopts the House text with a modification. The modification is in section 9 (c) (1) of the House bill and provides that amounts credited the applicant for interest under subsection (b) (5) shall be treated for Federal tax purposes as having been received and accrued as income in the taxable year in which falls the date of enactment of the act.

Under the House bill the owner desiring an adjustment on one vessel would be required to adjust on all vessels (sec. 9 (c)). Under the Senate amendment the owner may choose the vessels on which he wants an adjustment of price (sec. 9 (d)). The conference agreement adopts the latter provision.

The House bill (sec. 9 (d) (2)) requires the owner who adjusts to agree that the liability of the United States under a charter party for the use of the vessel on or after the enactment of the act shall be limited to 15 percent of the statutory sales price of the vessel as of the date of enactment. Under the Senate amendment (sec. 9 (d) (1)) the owner who adjusts must agree that the liability on the part of the United States for the use of the vessel under any charter party made prior to the enactment of the act shall be limited to 15 percent of the adjusted price of the vessel. The conference agreement restores the House provision on this point.

The House bill (sec. 9 (c) (1)) requires the owner to agree that in case of the loss of the vessel under any charter party, the liability under the charter shall be determined on the basis of the statutory sales price as of the date of enactment of the act, depreciated at the rate of 5 percent per annum plus 3 percent war-service depreciation. The Senate amendment (sec. 9 (d) (2)) required the owner to agree that in such case the liability of the United States shall be determined on the basis of the adjusted purchase price of the vessel depreciated at the rate of 5 percent per annum. The conference agreement restores the House provision omitting the provision for 3 percent war-service depreciation.

The Senate amendment (sec. 9 (d)) provided that, in order to receive an adjustment of a prior sale, the owner must agree that any payment or claim on account of loss or requisition of any vessel built subsequent to January 1, 1935, shall be determined or settled in an amount not to exceed the adjusted basis of the vessel in the hands of the owner determined under section 113 (b) of the Internal Revenue Code. There was no such provision in the House bill, and the conference agreement omits the Senate provision.

Under section 9 (d) of the House bill, section 506 of the Merchant Marine Act, 1936 (relating to the use of a vessel in coastwise service) would not apply with respect to any vessel on which an adjustment is made under section 9. The Senate amendment (sec. 9 (f)) provides that such section 506 should not apply with respect to any vessel eligible for an adjustment

under section 9 nor to any vessels described in section 9 (a) (1), (2), (3), or (4), the contract for the construction of which is made after September 2, 1945, and prior to the date of enactment of the act. The conference agreement adopts the latter provisions.

LIMITATION ON ELIGIBILITY FOR BENEFITS OF THE ACT

The House bill and the Senate amendment (sec. 10) include provisions applicable to the purchasers or charterers of war-built vessels, and to persons receiving adjustments under section 9, requiring such persons, in cases of use by the United States or loss of a vessel while under charter to the United States, prior to September 3, 1947, to accept in settlement of the liability of the United States an amount equal to just compensation. Such compensation is to be determined or agreed upon pursuant to section 902 of the Merchant Marine Act, 1936, in the House bill, and pursuant to existing law under the Senate amendment. The reference to existing law includes recent determination of various controversies in connection with the determination of just compensation. The conference agreement adopts the reference to existing law in the interest of clarifying the intent and avoiding disputes.

NATIONAL DEFENSE RESERVE FLEET

The conference agreement adopts a change of date in section 11 from September 3, 1947, to December 31, 1947, with respect to the closing date for placing vessels in the defense reserve when not sold within the time limit. Vessels contracted for under the provisions of the Merchant Marine Act, 1936, after September 2, 1945, are excluded as provided in the Senate amendment, inasmuch as there is no intent to place new postwar construction in the defense reserve if it should come back to or be retained in Government ownership.

Both the House bill and the Senate amendment contain similar provision authorizing war-built vessels to be made available to State marine schools or nautical branches, and the conference agreement (sec. 11 (g)) adopts the Senate language which includes specific reference to the applicable existing law involved.

GENERAL PROVISIONS

Both the House bill and the Senate amendment contain in section 12 (c) a provision to make it clear that war-built vessels covered by the bill which were placed under foreign registry for war purposes may be eligible to operate in the coastwise trade. The conference agreement includes the insertion of the Senate language "or after" with reference to the clause "on May 27, 1941, and prior to its sale or charter under this Act", to make it clear that vessels of this class may be admitted to domestic trade when owned or chartered to citizens of the United States under the act.

The Senate amendment definitely required receipts under the act to be deposited in the Treasury to the credit of miscellaneous receipts. The conference agreement includes this provision.

REPORTS TO CONGRESS

The House bill provided for reports of activities and transactions under the measure at the beginning of the second regular session of the Seventy-ninth Congress and every 6 months thereafter. The Senate amendment required a weekly report to be made within 10 days after the expiration of each calendar week and also a report every 6 months summarizing the weekly reports. The conference agreement provides for the first report of activities and transactions under the measure on July 1, 1946, and requires a report every 3 months thereafter.

TERMINATION DATE

The House bill fixed the termination date for making contracts of sale or charter under the bill at September 2, 1947. The Senate

amendment fixed the date at December 31, 1947, and the conference agreement adopts the latter date.

S. O. BLAND,
J. J. MANSFIELD,
FRANK W. BOYKIN,
RICHARD J. WELCH,
FRED BRADLEY,

Managers on the Part of the House.

Mr. BLAND. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, the conference report that is now before the House is the culmination of the activities and work of the Committee on the Merchant Marine and Fisheries for about 2 years. The first bill that was introduced was, as I recall, on March 27, 1944. Since that time up to this good hour I do not believe the consideration of the measure has been out of the mind of this speaker in one form or another. I am delighted to have it now presented to the House for its final confirmation.

The report is a unanimous report. It has been agreed upon by all of the conferees of the House and of the Senate. Of course, there are some matters in the bill that some of us would like to see changed, but, as in the case with all bills of this magnitude, the report is an attempt to agree on something.

The bill was reported to the House in June of last year just before the recess—too late to take it up at that time. It was heard in the House and given 2 days' consideration, October 1 and 2, and finally agreed upon. The conference report as it is presented does not, except in one particular, go beyond the range of the differences between the House and the Senate. While the House bill was stricken out and the Senate bill was substituted, so that under the rules of the House there was an opportunity to write a new bill, the conferees confined themselves to the limits which had been imposed by the two bills. In only one particular was any new matter inserted, as I recall. That was an amendment inserted at the instance of the Commissioner from the Philippines, which gives priority to the Philippine Islands over foreigners but not over Americans. The bill seeks to take care of Americans first.

When you realize the great number of ships that have been constructed you will realize the problem that is before us. We have to sell ships to foreigners or we will not dispose of the surplus. Our tonnage at the beginning of the war was about 11,500,000 dead-weight tons. Our war-built tonnage amounted to 58,000,000 tons. The prewar world tonnage in 1939 was about 75,000,000. Our postwar tonnage is about 95,000,000. Estimating as large as possible a use in America, the postwar need will be from 15,000,000 to 17,000,000 tons. I mention this in order that the House may have before it the magnitude of the problem.

The limitation in size of ships to be included was reduced from 2,000 tons to 1,600 tons. That was done in order to afford an opportunity to the Alaskans and to the Filipinos and others who might use ships of smaller tonnage to buy them if they found it convenient to do so. The complexities have been many, the problems serious, diverse interests conflicting, and unity of action and

opinion out of the question. We have reported a bill which we hope will uphold and maintain our merchant marine upon the seas to the end that our national defense may be assured, our national economy protected, our national trade may be promoted, and out national prosperity advanced. Statistics compiled by the Maritime Commission show that by far the greatest gain in the war period was in the United States fleet, the reason being the unprecedented ship-building during the war years. Considering only ships of 1,600 gross tons and over, the United States possessed in September 1945, 5,529 seagoing merchant ships as compared with 1,401 in 1939. The Commission pointed out that in 1939, less than one-fourth or 3,000,000 dead-weight tons of the United States merchant fleet was employed in the foreign trade. This wartime construction was necessary. This construction was necessary to win the war and it did win the war. The Postwar Economic Policy and Planning Committee of the House of Representatives made an exhaustive study on postwar merchant marine policy and reporting to the House said that "the maintenance of American-flag merchant shipping is an indispensable part of our naval strength and an instrument for our national security and peace."

That committee said two reasons indicate the necessity for planning an American merchant marine above its prewar size. First, our shipping situation at the outbreak of the war serves as a warning that our merchant marine must be prepared in an emergency to handle a greatly expanded volume of traffic. Second, since the operational sphere of American effective naval strength is presumably to be expanded, it will be necessary to increase our merchant marine above the size which would have previously been considered adequate.

Elaborating on the strategic necessities of an expanded merchant marine, Admiral King and General Marshall are quoted in the report as showing the absolute necessity therefor. May I say to you gentlemen that for 24 years I have been following this problem. I was a member of the committee in 1922 when the committee considered the Harding Alaska ship-subsidy bill. I voted against that bill. When I did so, many of my warmest friends felt that I was making a very bad mistake. We went from bad to worse thereafter until 1935 when that great President of the United States, Franklin D. Roosevelt, said:

We are giving one aid or another, and all nations are giving aid. If we are going to give aid, let us call it a subsidy.

He championed the increase of the merchant marine, and there was passed the act of 1936. Bear in mind that we are considering today the important act of 1936. It may need improvement, I am not in a position to say.

Mr. ROBSION of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. BLAND. I yield.

Mr. ROBSION of Kentucky. The gentleman has referred to the bill brought in during the administration of

President Harding at a special session of the Congress called to consider that bill alone. Like the gentleman, I did not agree with that bill and I, too, voted against it on the ground of the subsidies being paid. Is there anything in this conference report if it becomes the law on this subject that provides substantially for ships; and if so, to what extent and to whom?

Mr. BLAND. The subsidies are in the Merchant Marine Act of 1936. I am unable to say to what extent those subsidies will be carried in the bill, but they would unquestionably, if the ship enters into a contract for the carrying of goods, in what are known as essential trade routes. I refer to the operating differential; and there are construction subsidies that are being paid on certain types of construction; but there is no authority in this bill for subsidies as such. They are in the 1936 act. If that act is not desired, let a bill be introduced for its repeal.

Mr. MANSFIELD of Texas. Mr. Speaker, will the gentleman yield?

Mr. BLAND. I yield.

Mr. MANSFIELD of Texas. Is it not a fact that the Shipping Act of 1936 provides subsidies to the extent of equalizing the cost in this country with that in foreign countries?

Mr. BLAND. The construction differential is the differential between the construction cost in this country and the construction cost abroad.

The operating differential is a differential between the operation of ships, a matter essentially for the building up of the trade of the United States. Both were provided for in the act of 1936. We do not undertake to change or repeal those provisions.

Mr. CELLER. Mr. Speaker, will the gentleman yield?

Mr. BLAND. I yield.

Mr. CELLER. I believe all of us are deeply sympathetic toward the idea of making as much progress as possible with reference to our merchant marine, but does not the gentleman from Virginia believe that the Civil Aeronautics Authority is slowing down the wheels of progress? American marine transportation companies have been denied aviation permits to supplement their marine transportation routes.

Mr. BLAND. I thoroughly agree with the gentleman, and that is a problem that must be met and must be settled. We have a different problem in this bill. I may say that the air services have their profits practically guaranteed. Ship operators have asked that they be given the right to fly airplanes, but they are denied that right because they are surface carriers. I hope sooner or later, without encumbering the record at this time on this bill, that we may go into that problem thoroughly.

Mr. CELLER. I thank the gentleman. It places American companies at an unfair advantage. For example, take the Cunard White Star Line, they can have their surface ships going, say, to Cairo from New York and then supplement that with airplane service to Johannesburg; whereas an American ship line that goes to Cairo has not the same

privilege as the Cunard White Star Line or the French Line.

Mr. BLAND. We are well aware of that and will try to handle it; but time is of the essence in disposing of the ships we have; and if we want to preserve an American merchant marine we must dispose of this bill now, in my opinion, without encumbering it with other matters. This bill is absolutely essential, especially when we recall how we went down and down and down from 1924 and only reversed the trend in 1936. We all remember the splendid work that has been done since that time. The improvement of the American merchant marine is essential. Without it we could not have won this war. I have testimonials here from Admiral King and General Marshall that they carried the soldiers, carried the munitions, and they carried what was necessary to all parts of the world in order to win the war.

What I am pleading for is that we shall not permit that condition to prevail again. We will do it unless we act upon the conference report that will dispose of these ships.

I have heard it said, "What will it cost?" I answer that the cost is far more to keep them tied up in rivers, to keep them tied up in creeks, and around docks, at a cost of five or six thousand dollars per unit.

Mr. Speaker, I reserve the balance of my time, and I now yield 5 minutes to the gentleman from Washington [Mr. JACKSON], a member of the committee.

Mr. JACKSON. Mr. Speaker, as the author of several amendments to the ship-sales bill, H. R. 3603, I should like to explain my position on the conference report which is before the House today for consideration.

Although I consider the conference bill unsatisfactory and inadequate in many respects, I feel it is most important that the House take final action on this matter now. Time is of the essence. If there is any further delay in the establishing of a ship-sales policy, I am fearful that it will lead to chaos in the shipping industry. The merchant marine is in a transitional state and Government policy should be set in order to effect a smooth transfer to peacetime operations. I am convinced that any additional delay might lessen the chances of a fair and adequate price being obtained for these surplus ships.

I am frank to say that I think the conferees could have written a much better bill than was accomplished in conference. I shall not attempt to go into minute detail as to the differences between the House and Senate bills and the decisions reached by the conferees on all points. I shall touch on two of the features which I think are of utmost importance so far as the public interest is concerned.

The bill which passed the House provided a ceiling for trade-in allowances on new vessels. This ceiling was determined by permitting a maximum trade-in allowance on each new vessel purchased equal to 10 percent of the wartime construction cost. The Senate changed the trade-in formula by allowing a maximum trade-in allowance of

33½ percent of the statutory sales price. The conferees have deleted the House trade-in formula and instead have approved the Senate version. The following table will indicate the differences between the maximum allowances permitted by the House bill and those allowed in the conference report on trade-ins:

Type	House bill	Conference report	Percent increase over House bill
C 1.....	\$256,000	\$323,000	26
C 2.....	290,000	350,000	35
C 3.....	317,000	410,000	29
Victory-15 knot.....	243,000	324,000	33
Victory-17 knot.....	280,000	355,000	27
Tanker-14 knot.....	297,000	693,000	133
Tanker-15 knot.....	301,000	700,000	133
Tanker-16 knot.....	397,000	787,500	98

It will be noted that the conference report increases the trade-in allowances over the House version from 26 percent on a C-1 type of vessel to a 133-percent increase for trade-ins on tankers. I think it is apparent to any responsible person that the sales price on new vessels can readily be vitiated by permitting unreasonable trade-in allowances. If the Maritime Commission in the administration of this law takes the position that the maximum to be allowed on trade-ins should also be the minimum, then the statutory sales price will have very little meaning. I think this body should make it clearly understood that the maximum to be allowed on any trade-in will mean exactly that and nothing more. I think further that the maximum trade-in allowances should only be granted where the facts justify such an allowance. Certainly, there is no justification for allowing the maximum trade-in allowance where the vessel actually has no value other than scrap value. It must be remembered that it is the intention of the Maritime Commission to scrap all vessels built prior to 1925. Congress has, in effect, fixed an artificial value on trade-ins far in excess of their true value. This is nothing more or less than a trade-in subsidy. The primary purpose for making this trade-in subsidy is to give an incentive to shipowners to remove their old ships and replace them with modern vessels. This, in turn, will help improve the standard of the American merchant marine as a whole. However, the trade-in provisions must not be used to defeat the purpose of this bill, which is to assure the maximum return to the Treasury consistent with the advancement of the merchant marine.

I have given this detailed information regarding trade-in allowances because I feel that it goes to the heart of the policy to be followed in the disposal of these ships. In addition, I have been greatly disturbed by some of the trade-in allowances approved by the Maritime Commission during the past several years. In the previous discussions of this legislation I pointed out some of the excessive allowances approved by the Commission. Since this bill was debated last in the House I have been advised of certain trade-ins which were approved

by the Commission and of which I think the House should be advised. On the day the ship sales bill passed the House, namely, October 2, 1945, the Commission approved the following trade-in allowances on nine vessels owned by the United Fruit Co.:

Name	Year built	Scrap value	Allowance
Tolosa.....	1917	\$43,000	\$551,471.66
Cartage.....	1908	27,000	380,531.25
Santa Marta.....	1910	27,000	378,708.75
Abangarez.....	1909	30,000	407,215.32
Hibueras.....	1920	9,000	57,796.88
Turrialba.....	1909	30,000	406,694.99
Atenas.....	1909	30,000	407,273.44
Carillo.....	1911	30,000	417,259.68
Zacappa.....	1909	30,000	410,987.82
Total.....		256,000	3,417,939.79

These vessels were traded in on the purchase of nine new refrigerator ships costing \$2,799,000 apiece. The total scrap value of the vessels traded in, \$256,000. The Maritime Commission has allowed, however, a total of \$3,417,939.79. The allowance granted in this case is more than 13 times the scrap value and more than 50 percent of the original construction costs, the average age of the vessels being 33 years. The interesting part of this is that, on the day the Commission approved the transaction, the House had definitely fixed a maximum for trade-in allowances which would have prohibited the Commission from granting exorbitant adjustments. Prior to the action of the House, the Merchant Marine Committee had approved a committee amendment containing the provision which passed the House. Certainly this should have put the Maritime Commission on notice as to the attitude of the Congress on such trade-in allowances. However, in spite of such notice from Congress, the Maritime Commission saw fit to approve a transaction which could not have been permitted either under the House bill or the Senate bill. The average maximum trade-in allowance permitted by the House bill in this transaction was \$280,000 and the maximum allowed under the bill approved by the conferees was \$370,000. The average allowance approved by the Commission was \$420,000 for vessels which would eventually be scrapped by the Government. Transactions of this nature cannot but shock the public conscience. Many people will wonder whether similar transactions are to be countenanced by the Commission in the future.

In this same connection, it might be well to call to the further attention of the House a change made by the conferees on the extension of time for adjustment on prior sales made by the Maritime Commission. The bill which passed the House stipulated that no price adjustments could be made on sales made by the Commission subsequent to June 30, 1945. However, the conferees have seen fit to extend this period to September 3, 1945, resulting in an adjustment on three reefers purchased by the United Fruit Co. between June 30 and September 3. It is interesting to note that the United Fruit Co. is the only operator affected by this extension. This is the

same company, incidentally, which was given the exorbitant trade-in allowances on nine vessels which I have already mentioned. The contract construction cost of these reefers amounts to \$4,500,000 apiece. Under the Merchant Marine Act of 1936, permitting a construction differential subsidy, the price to the United Fruit Co. is \$2,250,000, or one-half of the construction cost. Not satisfied with this subsidy, the United Fruit Co. have now obtained, under the terms of the pending measure, a further reduction of \$450,000 on each vessel, making the net cost to them \$1,800,000 for a vessel which will cost the United States Government \$4,500,000 to build. On the purchase of three vessels, this company will receive a windfall of \$1,350,000. This is the same concern that apparently did not want to be considered under the ship-sales legislation so far as trade-in allowances were concerned because they would not have been eligible to receive the exorbitant trade-in allowances which the Maritime Commission approved on October 2, 1945. However, they apparently were anxious to have the benefit of this amendment as it would mean a saving of \$1,350,000 to them. It looks as though they are at least one concern that are able to have their cake and eat it.

The conference report will fool no one in regard to the sale of tankers. Ostensibly, the differences between the House and Senate positions have been compromised. The House said, No subsidies to the oil companies. The Senate proposed the sale of tankers at 25 percent below the prices paid for tankers before the war. The conferees have reported a 12½-percent reduction.

However, the back door has been left open, and again it is on the question of trade-ins. Whereas the increase of 12½ percent in sales price over the Senate version adds about \$300,000 to the price, the accompanying increase in trade-in allowances over the House provision is \$400,000, an over-all loss of \$100,000 to the Government on each such transaction.

I am as anxious as any Member of this House to build up a strong American merchant marine. I want to see our shipowners and our seamen prosper in this great postwar undertaking. It has been a great struggle to build up our merchant marine to what it is today. There have been many dark pages in its past history which were so well brought out in the now famous Black investigation. I, for one, would not like to see a repetition of that nature but certainly if transactions such as I have outlined here today are permitted to continue in the future, the American public will rapidly lose its confidence in the integrity of the American merchant marine.

Mr. BLAND. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. WEICHEL], a member of the committee.

Mr. WEICHEL. Mr. Speaker, the conference report on the ship-sales bill only comes from meager facts and half-truths that the Maritime Commission and the War Shipping Administration saw fit to tell the Committee on the Merchant Marine.

Failure of information and suppression of facts seem to be predicated on said lack of power of subpoena and requirement to tell the full truth under penalty of perjury.

In this way the real facts about war-built ships were suppressed and withheld.

At the time this House passed the Surplus Property Act, the sale of surplus ships was specifically excepted from the act for exclusive sale by the Maritime Commission, while at the same time there was suppressed and withheld from the Committee on the Merchant Marine and this House what the Maritime Commission and the War Shipping Administration were doing with \$22,000,000,000. Shady and unholy deals were white-washed and so-called ship contractors were handed free money running into untold millions up to the fall of 1943, and no one knows how much thereafter.

Without any mention of the shady transactions of the Maritime Commission and the War Shipping Administration, which had identical directing personnel, the money transactions up to June 1943 do not check out to the tune of \$5,000,000,000, according to the audit report of Lindsay Warren, Comptroller General, which report was first disclosed by insertion in the CONGRESSIONAL RECORD of January 23, 1946.

This gross irregularity and unpublished ones should have been disclosed to this House and the Committee on the Merchant Marine before consideration of this legislation.

Mr. Speaker, this conference report will give the sale of surplus ships to the Maritime Commission and War Shipping Administration—the very same agencies who have mishandled \$22,000,000,000 and who secured exclusive right to sell surplus ships by suppressing reports of their money irregularities, and also until after this House passed the bill on which this conference report is based.

Mr. Speaker, when can the investigation begin?

THE SPEAKER. The time of the gentleman from Ohio has expired.

Mr. WELCH. Mr. Speaker, will the gentleman yield?

Mr. WEICHEL. I yield to the gentleman from California.

Mr. WELCH. Is it understood that the gentleman from Ohio [Mr. WEICHEL], who is a member of the Committee on Merchant Marine and Fisheries, is not opposed to the conference report?

Mr. WEICHEL. I am not opposing the report. It might be the best that can be done under the facts that we have, but I am not admitting that we have all of the facts.

Mr. BLAND. Mr. Speaker, I yield such time as he may desire to the gentleman from North Carolina [Mr. BONNER].

Mr. BONNER. Mr. Speaker, the general purpose of the bill is obvious. It is designed to establish in advance of sales certain statutory prices for which merchant vessels constructed for or by the United States during the war period may be sold. Of course, a necessary correlative to the establishment of fixed prices for the various classes of vessels is to limit quite completely the scope of discretion to be exercised by the Maritime Commission in connection with these

sales. In other words, if it were left to the Commission to dispose of these vessels upon the best terms possible from the standpoint of the United States, whether by competitive bids or otherwise, the Commission would be charged with the responsibility for disposing of some ten billion dollars' worth of vessels. It is understood that in view of what happened after World War I the Commission does not want that responsibility.

It is easy to understand why the Commission wants to have the Congress itself assume responsibility for fixing the price at which merchant vessels can be sold so that in the event the bottom drops out of the market at some future date the finger of blame can be pointed only at the Congress. But aside from that, a strong argument can be made for the proposition that the only sound method for disposing of these ships is to let them go to the highest bidder.

If the bottom is to drop out of the market, a statutory sales price certainly will not hold it in. If the market values of vessels of the type and size covered by this proposed legislation ever drops below the statutory sales price, then it takes no great store of common sense to see that sales of vessels under this bill will stop.

It could be argued rather strongly that if the authority for disposing of these vessels most advantageously to the United States—both from the standpoint of getting the most money from them and from the standpoint of retaining sufficient vessels for national defense purposes—was vested in a board or commission thoroughly acquainted with the nature of the problem and with the work before them, and especially, if such board or commission had the interest of the United States at heart, a much better deal all around could be obtained than by the enactment of any legislation of the nature here involved. But the practical difficulties of finding the right personnel for such a board, well may be considered sufficient reason for not electing to employ that method of disposing of the vessels.

Turning attention to the conference report itself, the effect of the provisions of section 4 (a) considered in the light of the definitions contained in section 3 for the terms "prewar domestic cost" and "statutory sales price" is to authorize the sale to a citizen of the United States of a war-built dry-cargo vessel for 50 percent of what it would have cost to construct that vessel on January 1, 1941, less depreciation. In the case of a tanker, the sales price is 87½ percent of the prewar domestic cost.

For unsubsidized operators the Senate bill is the same as the House bill in this respect. However, the Senate bill eliminates any mention of subsidized operators who, under the House bill, would have to pay 55 percent of the prewar cost. Moreover, in the case of tankers the House bill would have required a sales price of 100 percent of the prewar cost, whereas the Senate bill reduces this to 87½ percent.

Whether it is sound to establish different prices for subsidized and unsubsidized operators, I am not prepared to

say. However, I doubt very much that it makes much difference either way in that I would be surprised if a subsidized operator would decide not to buy a vessel he needed merely because he had to pay a comparatively small amount more than an unsubsidized operator. The report of the Senate committee states that the reason for eliminating the distinction is to give effect to its decision that there should be no restrictions on the use of vessels under the subject legislation. It would seem to me, however, that the restrictions which are imposed on vessels operated by subsidized operators derive from the provisions of the 1936 act and the operating-differential agreement rather than from any legislation now to be enacted. In other words, it is my thought that if a company purchased a vessel under the proposed legislation and then desired an operating-differential subsidy it could get one by making proper application to the Maritime Commission and by complying with certain conditions, among which conditions would be restrictions on trade rights, et cetera.

It was stated in the debates on the bill in the House that the tanker people did not protest in the establishment of a statutory sales price of 100 percent of prewar construction costs, as was provided in the House bill. The gentleman from Washington [Mr. JACKSON] stated that it was a matter of surprise to the committee that no such protest was made. The impression I gathered was that apparently the tanker people were perfectly satisfied with the price set in the House bill. Consequently, I am completely at a loss to understand why the Senate committee elected to reduce the statutory sales price for tankers.

I note that under section 5 (a) of the House bill no vessel could be chartered unless it had been offered for sale for at least 3 months, which provision is eliminated in the Senate bill. Having in mind that the policy of the present legislation is to get these merchant vessels to private ownership, it is my view that the restriction contained in the House bill in this connection is desirable.

Section 6 of the House and Senate bills seems to be about the same with the exception of a provision inserted at the end of section 6 (a) by the Senate, under which it would be required that where a vessel is being transferred to foreign registry and flag the mortgage securing the unpaid balance of the purchase price should contain provisions according to such mortgage, the priorities which the laws of the foreign country give such mortgages. I believe this is a salutary provision.

Section 8 of the two bills is entitled "Exchange of Vessels." To anyone who believes that the price provisions of the bill are too liberal, this section is doubly bad, for not only would the United States be selling a vessel for too low a price to a person coming under the said section 8, but the United States would be taking in exchange for such vessel an old vessel and allowing as a credit too high an amount for the old vessel. The House bill contains a limitation upon the amount of such allowance; the Senate bill increases the amount of such limita-

tion. That a limitation upon the amount of such credit allowance is necessary seems certain, but the nature and extent of such limitation is purely a question of judgment. It would be my personal view that a very strict limitation be provided, inasmuch as I would assume that from the standpoint of the United States it would be better to sell merchant vessels outright than to be saddled with an "old crock" in return. In other words, let us try to get rid of these vessels on an outright sales basis first and then if it

becomes necessary at some future date to liberalize the exchange provisions in order to dispose of the vessels a future amendment to that effect can be made.

Incidentally, as an example of what can happen under these so-called exchange provisions, I refer to the case of nine obsolete vessels recently turned in by the United Fruit Steamship Corp. for an allowance of credit toward the cost of nine new vessels. The pertinent data in respect to the nine old vessels is as follows:

	Year built	Scrap value	Value based on 20-year life	Sound condition replacement value	Value for just compensation as of Oct. 20, 1945	Value based on General Order 37 depreciated to Oct. 20, 1945
Tolosa.....	1917	\$43,000	\$52,179	\$957,000	\$338,417.95	\$551,471.66
Cartage.....	1908	27,000	15,780	308,000	271,180.07	380,531.25
Santa Maria.....	1910	27,000	14,390	405,000	263,313.74	378,708.75
Abangarez.....	1909	30,000	14,416	313,000	353,844.07	407,215.32
Hibueras.....	1920	9,000	9,600	187,702	57,796.88	67,796.88
Turrialba.....	1909	30,000	14,416	313,000	350,199.31	406,694.99
Atenas.....	1909	30,000	14,416	313,000	355,689.32	407,273.44
Carillo.....	1911	30,000	14,416	346,885	327,518.83	417,259.08
Zacappa.....	1909	30,000	14,416	313,000	368,941.73	410,987.82
Total.....		256,000	164,029	3,516,537	2,686,901.90	3,417,939.79

The Maritime Commission approved a credit allowance for the above vessels in the total amount of \$3,417,939.79. The original cost of construction of the vessels is shown in the record to be \$6,557,341. Therefore, the amount allowed as a credit toward the construction cost of the nine new vessels is more than 50 percent of the original cost of the old vessels, which old vessels average 33 years of age. This transaction comes within the scope of authority granted by section 510 of the 1936 act. Under section 8 of the proposed bill the Government would lose on both ends; namely, the credit allowance and the price charged for the war-built vessel.

There is one other point in connection with section 8 that I should like to mention. It will be noted that under subsection 8 (b) (1) the allowance of credit is to be the fair and reasonable value of the vessel and that in making its determination of such value the Commission is directed to consider five elements. The first element is the value of the vessel "determined in accordance with the standard of values established pursuant to Executive Order 9387." The President established the Advisory Board on Just Compensation and charged it with the function and duty of prescribing standards of valuation to be followed by the War Shipping Administration in fixing just compensation for vessels requisitioned under section 902 of the 1936 act. Such standards of valuation the Advisory Board subsequently established.

It will be recalled further that under date of November 28, 1942, the Comptroller General of the United States rendered a decision as to the meaning and effect of the enhancement clause in section 902; that this decision gave rise to a controversy between the War Shipping Administration and the Comptroller General's office on the question; and that in prescribing its standards of valuation and in giving its interpretation of the enhancement clause in section 902, the Advisory Board stated that it

did not undertake to decide whether such standards and interpretation were inconsistent in any way with the Comptroller General's decision.

What may not be known is that from the date the standards and interpretation of the Advisory Board were given the War Shipping Administration forthwith disregarded the Comptroller General's decision of November 28, 1942, in favor of the advice given it by the Advisory Board. Recently, in a letter dated November 27, 1945, written by Admiral Land, War Shipping Administrator, to the Comptroller General, the Administrator, in effect, refused outrightly to certify that amounts fixed by him as just compensation for small vessels requisitioned under section 902 were consistent with the principles laid down in the 1942 decision. The basis for such refusal was in substance that Congress has ratified, by repeated mention in subsequently enacted legislation on Executive Order 9387 and the Advisory Board's standards of valuation, and has adopted it as its own. That Congress has mentioned Executive Order 9387 in subsequent legislation is not to be denied; but that Congress has intended by such mention to adopt the full contents of the Advisory Board's rulings, even if inconsistent with decisions rendered by its properly constituted officers, is certainly open to doubt.

All that the Senate committee intended by the first element recited under subsection 8 (b) (1) was the market value of the vessel. If that is the case, then why not say so—everyone knows the standards established by numerous decisions of the Supreme Court for determining market value. In my opinion, the mention of Executive Order 9387 is part of a general scheme on the part of the War Shipping Administration to relieve itself of responsibility for just compensation payments.

Section 8 (c) of the bill as it passed the Senate—CONGRESSIONAL RECORD, volume 91, part 9, page 12256—authorizes

the Maritime Commission to settle claims, first for just compensation, or second for insurance losses by transferring a war-built vessel to the claimant. An amendment proposed by Congressman Hobbs in the House—which amendment was never adopted—would have authorized the settlement of any claim against the United States in this manner. As was pointed out by the Comptroller General in a letter addressed to the Honorable JOHN J. COCHRAN under date of October 12, 1945, if such an amendment were adopted it might permit the settlement of such old stale claims as the Carden and Herd claim. However, since I have been advised the bill as it passed the Senate restricts such settlements to claims for just compensation and insurance losses, it would not be possible for the Maritime Commission to effect settlement of a claim like the Carden and Herd claim under the bill in its present form.

Section 9 provides, in effect, that citizens of the United States who have purchased war-built vessels from the Government will be entitled to adjustment of the sales price of such vessels—it being proposed to refund the difference between the sales price and the price established by the present bill. This adjustment is, of course, nothing more nor less than a pure gratuity. The adjustment is designed to equalize the sales price of all like vessels whether sold before or after the act, as a matter of fairness to the industry as a whole. It has been contended that a failure to make such adjustment would have a demoralizing effect. While I doubt that seriously, I can well see the basis upon which it was been determined proper to make such adjustments. The Government probably should not take advantage of those who came in early to buy vessels.

Section 12 entitled "Reacquisition by United States" is designed to protect the United States in the price it will be required to pay in the event the vessel is needed for national-defense purposes after it has been sold. However, it seems to me that the provision affords the United States about as much protection as a bathing suit affords an Eskimo. It is provided that a contract for the sale of a vessel under the act shall contain provisions to the effect that the subject vessel may be reacquired by the United States at its depreciated book value any time "prior to the termination of the existing national emergency declared by the President on May 27, 1941, or prior to the expiration of 5 years from the termination of such emergency." Bearing in mind that the bill also provides for the establishment of a large national-defense reserve fleet and bearing in mind world conditions at the present time, I would think that there is not one scintilla of likelihood that any vessel sold under the act will be needed either during the present emergency or for 5 years after it is proclaimed at an end.

However, having regard also for the unforeseeability of wars, who can now say that 20 years hence this country may not have need for this vessel in a national emergency. And, if such need arises, are we to suffer the same experience as has been suffered with respect to vessels

sold by the United States after the last war? Numerous examples could be cited of cases where the Government sold vessels in 1922 and 1923 for \$50,000 or less and then upon requisitioning in 1942 were required to pay as just compensation 5 or even 10 times the amount for which the vessel had been sold.

Mr. BLAND. Mr. Speaker, I yield 6 minutes to the gentleman from Massachusetts [Mr. WIGGLESWORTH].

(Mr. WIGGLESWORTH asked and was given permission to revise and extend his remarks and include a recent letter from the War Shipping Administration and quotations.)

Mr. WIGGLESWORTH. Mr. Speaker, I have been critical of this legislation all along the line for certain fundamental reasons.

First, under the Surplus Property Act the Maritime Commission now has full authority to dispose of surplus ships to the highest competitive bidder. Unless, therefore, the legislation before the House is to result in greater returns to the Treasury of the United States, it is unnecessary.

Second, whether the legislation under consideration will in fact result in greater returns to the Treasury is, to my mind, very doubtful. It is impossible to read the proposed provisions in regard to putting vessels "in class" in regard to supplying desirable features, in regard to normal depreciation, in regard to excessive wear and tear, in regard to tax adjustment and trade-in allowances without reaching the conclusion that the returns to be realized from the sale of the ships will be relatively meager.

Third, the legislation proposed, in my opinion, may well be used as a vehicle for attempted white-washing or condoning some of the sins in the past of the Maritime Commission and the War Shipping Administration, particularly in respect to purchase prices, charter hire rates and insurance premiums and losses.

When the bill was being considered on the floor of this House on October 1 of last year, as the Members will recall, I offered 12 specific objections to the bill in the form it was then in. Some of those objections have been eliminated, but there are still major objections to the conference report, as I read it.

For example, I do not like section 10 of the bill, if I understand it correctly. As I read it, and this applies also to section 8, it is so worded as to in large measure wipe out section 902 of the Merchant Marine Act, the section which provides that the ships may be taken over in time of emergency for just compensation without enhancement growing out of the emergency.

If I read it right it is so worded as to make it possible to wash up long-standing claims against the Government in respect to purchase prices, charter hire, and insurance, running into many millions of dollars, on a basis in excess of that heretofore contemplated by the Congress and at the people's expense.

If I understand it correctly, it proposes to ratify settlements made and to be made on the basis of the so-called advisory opinion by a board of three judges, an opinion which has no binding effect legally whatsoever, an opinion which is

most difficult to interpret, an opinion which has been characterized by the distinguished gentleman from Virginia [Mr. BLAND], in charge of this bill, as "almost a study in Greek."

I do not like section 9 of the bill providing for reduction to the tune of \$89,000,000 in the prices of ships which have already been sold, the \$89,000,000 going, as we are told, largely to subsidize operators who have already had such liberal treatment in regard to charter hire, in regard to agency fees, in regard to enormous tax-free funds out of which they have been permitted to operate, and in other respects.

The basis for the proposed payment of \$89,000,000 as I understand it is to be found in representations made by the Maritime Commission as formerly constituted in respect to ship sales of a year or 2 ago to the effect that if there should be ship sales legislation providing more favorable terms for purchases in the future, then the Commission would recommend to the Congress that the reductions in question be made. In other words, we are asked to make this bill retroactive in its effect to the tune of at least \$89,000,000.

Surely, Mr. Speaker, the Commission has no authority to make any binding commitments of this character. Surely the purchasers knew that it had no such authority at the time. For my part, I can see no obligation on the part of Congress to make good the representations made by the Commission without any authority whatsoever.

I do not like section 8-C of the proposed legislation inasmuch as no definite minimum limitation is provided for the valuation of ships to be transferred in partial or full settlement of existing claims. I am advised by a member of the committee in charge of the bill that, in his opinion, the limitation exists under the general provisions of the bill. I hope this is a fact, but the specific language, which I offered as an amendment and which the House adopted, to make certain beyond any possible doubt that no ship could be transferred in partial or full settlement of a claim at a value less than the statutory sales price, has been deleted by the conferees.

There are other objections to the proposed legislation which available time does not permit me to go in to. I may mention in passing, however, that the language of the bill is, in many instances, so involved and complicated as to suggest the possibility of another advisory opinion by some board of judges acting with no binding authority with a view to interpreting our presumed intent today as we approve this bill.

I understand, Mr. Speaker, that the former chairman of the Maritime Commission, after resignation, sat in the conference as a consultant in respect to this conference report. I further understand that the conferees have not obtained the opinion of any of the present members of the Commission who will be charged with the responsibility for administering this act. It has been suggested that it would be advisable to return the conference report to the conferees in order that the opinion of these gentlemen may be obtained.

Mr. Speaker, on January 23 last, I inserted in the CONGRESSIONAL RECORD two audits by the Comptroller General of the United States, one with respect to the Maritime Commission, one with respect to the War Shipping Administration, both with respect to the fiscal year 1943, the latest audits available.

These audits on February 18 last, were characterized on the floor of the Senate by the junior Senator from Vermont [Mr. AIKEN] as the most severe indictment of any agency of the Government in his entire experience as a Member of the Senate. He pointed out that according to these audits over \$5,822,000,000 had been improperly accounted for.

Under leave to extend my remarks I insert at this point in the RECORD another report made by Eric L. Kohler, a certified public accountant, in December 1943 for and at the request of Mr. Lewis Douglas, then Deputy Administrator for the War Shipping Administration, at a time when he presumably had been called to that office to straighten out some of the financial difficulties of the agency:

WAR SHIPPING ADMINISTRATION,
Washington, D. C., February 13, 1946.
The Honorable RICHARD B. WIGGLESWORTH,
House of Representatives,
Washington, D. C.

MY DEAR CONGRESSMAN WIGGLESWORTH: This will acknowledge your letter of February 8, in which you request copy of a financial auditing report completed about December 1943 by Mr. Eric Kohler. I am attaching hereto copy of said report in accordance with our telephone conversation of today. I will call you on Monday in order to arrange a suitable time to discuss this matter with you personally.

Sincerely yours,
GRANVILLE CONWAY,
Acting Administrator.

DECEMBER 14, 1943.

Mr. LEWIS W. DOUGLAS,
Deputy Administrator, War Shipping
Administration, Washington, D. C.

DEAR Mr. DOUGLAS: At your request I have reviewed the fiscal and accounting organization and procedures of the War Shipping Administration. As the result of the review I am submitting the five recommendations appearing below; the basic argument which led to these recommendations; and brief notes on certain organizational units in the present structure, pointing to the need for change.

RECOMMENDATIONS

1. The fiscal and accounting staff now serving jointly the Maritime Commission and the War Shipping Administration should be divided at once between the two organizations.

2. A comptroller should be secured for the War Shipping Administration. This individual should be selected from outside the organization and should be a certified public accountant with a broad business background and preferably, though not necessarily, some experience with the Federal Government. He should be given a rank equivalent to that of the assistant deputy administrators, and he should report to yourself as deputy administrator.

3. Broad-term fiscal policies (delegations of authority to incur expenditures, setting of expenditure limitations, establishing reporting requirements of agents and contractors and of War Shipping Administration operating units, determining audit scope, etc.) should be fixed by yourself with the assistance of the comptroller; their administration should be in his hands.

4. Day-to-day fiscal, accounting, and budget responsibilities should be centered in the comptroller. By fiscal responsibilities is meant, not all the items now charged to the Assistant Deputy Administrator for Fiscal Affairs, but that portion relating to fiscal forecasts, cost controls, the management of funds, and War Shipping Administration's financial relations with other Government agencies and with the outside world.

5. Subsidiary accounting records containing operating income and expense, and the budgetary administration relating thereto, should be located at the place of business of the assistant deputy administrator responsible for such operations (i. e. ship operations and ship repairs) with full functional controls remaining in the hands of the comptroller.

These five recommendations are, I believe, conditions precedent to any orderly reconstitution of War Shipping Administration's fiscal administration. Within this framework, a number of other necessary changes are suggested in the argument.

ARGUMENT

1. Need for separate fiscal administration: A joint staff, numbering 1,700, now services the fiscal needs of the Maritime Commission and the War Shipping Administration. This arrangement is thoroughly unsound and should be ended at once. The primary loyalties of the staff tend to be with the Commission, and many of the staff members, regarding their assignment to War Shipping Administration as temporary, seem to possess little relish for their work. From the point of view of good management, the joint responsibility weakens where it does not totally destroy an effective line of authority. The results are what might be expected: too many incompetent, untrained employees; irresponsible, staff-building supervisors; work loads often including wholly unnecessary activities such as the employment of document "manifests" and registers; failure to convert leisurely peacetime work to wartime speeds; poor division of labor; vague and overlapping activities; frequent jurisdictional disputes; dependence on time-consuming conference procedures when prompt administrative decisions are required; and the imputation to lack of manpower wherever a failure to perform has been recognized.

Lack of manpower is, indeed, an all-too-common complaint throughout the joint fiscal group. In most cases the need indicated by supervisors is the excess of the number and grade of jobs established when the 1944 Budget was prepared more than a year ago over the number and grade of employees now actually on the pay roll. This universal emphasis on the building up of organizations rather than maximizing the use of the limited staff available to get the job done is a striking weakness of the joint staff. Somewhere between one-third and one-half of its activities are claimed to be War Shipping Administration work, but in the reorganization herein recommended it is suggested that the new comptroller be given a free hand to pick his staff from that now jointly engaged and to secure what further assistance is needed from outside sources. A competent division of labor among the accountants obtainable for War Shipping Administration work will quickly lay the ghost of manpower shortage.

2. Appointment of comptroller: A comptroller having a broad business background should be secured for the War Shipping Administration. He should have the highest professional qualifications and be able to deal with assistant deputy administrators as equals. He should have a large capacity for organizing a staff, disposing of difficult problems, and, generally, getting things done with competence and dispatch. His knowledge of the shipping industry should be held to be entirely secondary.

At present there is no serious recognition at the operating level of the job to be done. Until the last 2 weeks no more than polite efforts had been made to obtain voyage accounts from agents, and even then the emphasis was on the need for preparing War Shipping Administration's budget for the coming year. But without properly audited voyage accounts, advances to agents of hundreds of millions of dollars have not adequately been accounted for. Until the propriety of the expenditures by agents has been established, War Shipping Administration cannot claim for itself any responsible financial management.

To accelerate the movement in the direction of better and more prompt accounting and auditing, a strong comptroller is essential. Not only must he reorganize the present staff but he must reorganize the thinking of industry management with respect to its responsibilities to the Government. He will have to simplify the industry's procedures in the interests of hastening and improving its accounting. He will have to initiate a training program for his staff and the industry's staff, establish new reporting techniques for berth subagents, and devise more effective methods of control over, and the reporting of, expenditures at foreign ports. He must be a person of great energy and unlimited resourcefulness.

3. Determination of fiscal policies: To establish the comptroller in his proper sphere, to clothe him with the authority he needs for the responsibilities already referred to, and to inform his staff, his associates in War Shipping Administration, and the industry and others without the War Shipping Administration of such responsibilities, a dozen simple but forthright statements of fiscal policy should be prepared and promulgated by you. I suggest these be couched in simple language interpretable by all the interests mentioned. Such statements would include a brief outline of the Comptroller's field of authority and action; his position as budget preparer and administrator, his power to interpret and enforce the accounting and reporting requirements imposed on agents and contractors, his authority to devise and revise programs and procedures under which audits of agents' and contractors' accounts are to be conducted, his reporting responsibilities, and his relations to other divisions of activity within the War Shipping Administration.

Also included among fiscal policies should be clear delegations by you to employees of authority to incur or to contract to incur obligations or disburse funds, accompanied by the institution of such methods as may be deemed necessary by the Comptroller to insure adequate current controls over the exercise of such authority.

Simple declarations of this sort would give the Comptroller all needed authority, and at the same time establish between yourself and him the necessary line of responsibility.

4. Centering of responsibility: The emphasis given here to the need for centering responsibility in one person arises from the present unfortunate scattering of both effort and control. At present a budget officer, although nominally responsible to the Comptroller, reports directly to you. An operating-cost control group reports directly to the Assistant Deputy Administrator for Fiscal Affairs as does also a newly appointed budget officer. Several field-audit staffs report to the Comptroller, although functionally under the regulatory jurisdiction of an auditing and financial analysis section. The relation between the Comptroller and the Assistant Deputy Administrator for Fiscal Affairs is imperfectly defined. The result is an organizational mélange confusing to everybody.

What is proposed is a straight line of authority emanating from you and exercised by one person, the comptroller. He should be held accountable for the administration of the budget, the handling of

funds, the keeping of adequate accounts, the audit of agents' and contractors' transactions and their periodic financial statements, the prompt issuance of reports, effective working relationships with the operating management. All these items are so closely related that their continued separation means an endless cycle of duplication, absence of controls, a slowing down of orderly processes, misunderstandings, buck-passing, a deplorable waste of manpower.

Under wartime conditions it is impracticable to separate auditing, accounting, and reporting functions within the Administration. The main job that lies ahead will be a joint accounting and auditing effort to secure a full, informative, and accounts reporting by the agents and contractors through whose hands the great bulk of the Administration's expenditures is now flowing. The appointment of a single head for these functions will do much to speed the work and will obviate the confusion that now arises when different branches of the Administration make demands on agents and contractors for information.

5. Decentralization of operating records: To strengthen further the line of responsibility just described, it is suggested that subsidiary accounting records covering operations, along with suitable staffs to maintain them, be moved into the offices of the Assistant Deputy Administrators in charge of ship operations and ship repairs. An intimate knowledge of the data reflected in relevant income-and-expense accounts is indispensable to these operating executives. Little or no operating-cost information is now available to them. This proposal has been discussed at some length with Assistant Deputy Administrators Helmbold and Seabury. Both have the same opinion: It would give them useful information when they want it, and they could supply much needed pressure in stepping up the reporting schedules of War Shipping Administration's agents and contractors.

A similar combination of effort is needed in the conduct of field audits. At present War Shipping Administration auditors working on the accounts of repair contractors have little or no opportunity of physically inspecting the completed job. An essential for any worth-while review of an invoice for ship repairs is a combination of engineering and auditing staffs whose joint approvals precede invoice payments. Assistant Deputy Administrators in charge of operating programs should assist actively in the formulation and enforcement of the audit scope and audit standards applied to payments to agents and contractors; and they should have available for constant consultation with and assistance to field auditors a staff of cost engineers and engineering inspectors capable by appraisal of determining the existence of physical quantities and work done. By this joining of forces, a much more competent audit program can be instituted, and its pace can be greatly accelerated.

ACTIVITIES OF PRINCIPAL WASHINGTON ACCOUNTING UNITS

Following are notes on the activities of three of the principal accounting units, collectively employing approximately two-thirds of War Shipping Administration's fiscal personnel:

Budget and Accounts Section: The Budget and Accounts Section keeps War Shipping Administration's books of account, along with collateral information. This work consists of coding, posting, and the preparation of financial statements and budgetary estimates. There are three branches; the Accounts Branch which codes and posts, the Budget and Statement Branch which prepares financial statements and budget estimates, and the Agency Accounts Branch which maintains subsidiary records for voyage accountings by agents.

The Accounts Branch has fallen behind in its work, a condition which it ascribes to its lack of sufficient personnel and bookkeeping machines. The latter deficiency, if it ever existed, has recently been remedied: there are nine bookkeeping machines now at the disposal of the branch. More serious are the difficulties encountered by the branch in its coding of entries and the thousands of adjustments arising therefrom. The Review and Coding Unit, a group within the Accounts Branch, has no connection, from the standpoint of operations of auditing, with the transactions underlying the documents coded. As a result, a large number of errors are made which are not located until long after the items have been placed on the books.

In addition, the chart of accounts provides for many suspense and clearance accounts. A suspense account is used when the account to which an item should be posted cannot be immediately determined. Clearance accounts are used for certain classes of items which require analysis before arriving at the proper accounts to be charged. A large portion of the work of the Agency Accounts Branch is the analysis of two of the clearance accounts, "Undistributed vessel expense" and "Undistributed vessel repairs." In the case of the latter account, an analysis of the previous fiscal year's transactions has not yet been completed and the current year's transactions, therefore, have not been distributed. Since a portion of the repair charges are either subject to reimbursement from other Government agencies, or recoverable from others or from insurance, financial statements prepared from the books will be extremely inaccurate.

The Budget and Statement Branch has been unable to complete financial statements for the fiscal year ended June 30, 1943. No plans exist for monthly or quarterly statements thereafter.

A statement of cash receipts and disbursements, prepared within 3 or 4 weeks after the end of each month, purports to be a classified break-down of income and expense. However, not only are expense items included with asset and liability items but receipts and disbursements are given a preliminary classification before the ultimate coding is determined. This statement can never be reconciled with the books of account.

A financial statement (form 370) is sent monthly to the Treasury Department. It is a manufactured list of assets and liabilities which does not agree with the books. It is prepared by adding to the previous month's trial balance, unadjusted, the cash schedules for the current month available at the time the statement is prepared. The statement fails to reflect actual assets and liabilities at any date.

The Agency Accounts Branch, previously mentioned, records the voyage accountings received from the agents. War-risk insurance and expenses paid directly by the War Shipping Administration are distributed to the voyages affected. These records are necessarily incomplete, since agents have thus far submitted less than 25 percent of the total voyages terminated. There is no use to which the information kept in this branch is put; the Division of Operating Costs Control develops vessel operating costs and prepares budget estimates of operating revenues and expenses.

The Budget and Accounts Section has a total of 292 employees, distributed as follows:

Administrative (including Lend-Lease Administrative Unit).....	19
Accounts Branch.....	156
Budget and Statement Branch.....	73
Agency Accounts Branch.....	44
Total.....	292

The branches are subdivided into units and in some cases subunits. Unit heads are allowed complete freedom in the operating

methods they employ. They may keep whatever control or memorandum records they see fit and may even devise and use new forms. There is much duplication and unnecessary record keeping. No over-all procedural studies have been made to unify and simplify bookkeeping methods and records.

The total number of documents handled for coding and entry by the Budget and Accounts Section runs from about 60,000 to 70,000 per month. Approximately 30 percent are War Shipping Administration items.

In general the work of this section is badly hampered by lack of organization, the presence of uncoordinated, quasi-independent operating units, and a work schedule that is being permitted to fall further and further behind.

Disbursements Section: The Disbursements Section audits and authorizes for payment all "public" vouchers received by the War Shipping Administration in Washington. These vouchers are received from the Washington, Baltimore, Philadelphia, and South Atlantic areas generally, except that passenger and freight vouchers and lend-lease items other than repairs are received from all areas.

There are 414 employees in the Disbursements Section, assigned as follows:

Administrative Office.....	5
Service and Investigation Branch.....	151
Auditing and Examining Branch.....	184
Regional offices (entirely Maritime).....	74
Total.....	414

The Service and Investigation Branch is subdivided into five units. The Receiving and Recording Unit lists all vouchers received on vendors' cards and distributes the vouchers to the appropriate unit in the Auditing and Examining Branch. The Contract Unit sets up files of purchase orders and contracts to be referred to by the Audit Units in the Auditing and Examining Branch. The Exception and Investigation Unit obtains additional information or supports required on vouchers to which the Audit Units have taken exception. The other two units in the Service and Investigation Branch are the Filing Unit and the Financial Analysis and Statement Unit. The latter unit is engaged almost entirely on work pertaining to the Maritime Commission.

The Auditing and Examining Branch consists of three Audit Units and a Final Review Unit. The three Audit Units differ from each other only in regard to the type of vouchers they work on. The audit consists of examining the voucher to see that everything is filled in properly; examining the corresponding purchase order or contract to see that the voucher complies with its terms; and, where the voucher covers materials, inspecting the attached delivery receipt.

The Final Review Unit presents the vouchers to an authorized certifying officer for certification, assigns numbers (governed by the appropriation affected) to the vouchers, lists the vouchers on schedules of disbursements, and forwards them to the Treasury Department for payment.

The Disbursements Section was set apart from the Budget and Accounts Section in order to speed up the payment of vouchers. Under the present system there are no accounts payable, but the vouchers are entered on the books of account after they have been paid. However, the improvement, if any, does not seem to have been material since many cash discounts are still being lost. The present organizational arrangement has brought about a duplication between the two sections of work performed and a complete duplication of files, vouchers, schedules of disbursements, purchase orders, and other forms.

The Disbursements Section has an elaborate method of controlling voucher locations. Each voucher received is given an identification number by the Receiving and Recording Unit and is recorded in a numerical register.

When vouchers are sent to another unit they are accompanied by a manifest. Each unit keeps a control register for the receipt and transmittal of the vouchers. This system was devised because vouchers pile up from time to time in various units, resulting in inquiries from vendors as to why payment is being delayed.

Total vouchers sent to the Treasury for the fiscal year ended June 30, 1943, is quoted as 342,669 of which approximately one-eighth were War Shipping Administration items. A count during the week ended November 20, 1943, indicated 6,847 vouchers sent to the Treasury of which roughly one-fifth were War Shipping Administration vouchers. Approximately 6,000 vouchers are being held in the Exception and Investigation Unit alone, the average turn-over being about 1 month.

The Disbursements Section does not audit all the vouchers it receives. Certain types are merely examined for proper form and supports. Repair vouchers are audited in the field, lend-lease vouchers are audited by the New York district office, vouchers covering agents' compensation and advances are audited by the port auditors, while freight and express vouchers will be postaudited by the General Accounting Office.

As a whole the Disbursements Section also suffers from the lack of organization and good management. Its work is essentially auditing and should, therefore, be joined with that of other suits having audit functions. Simpler procedures that will permit less frequent and more expeditious handling of documents received must be devised.

Auditing and Financial Analysis Section: The Auditing and Financial Analysis Section is engaged in auditing agents' corporate records at their place of business, and in procuring and analyzing agents' financial statements which form the basis of compensation adjustments under General Order 12.

There are 42 employees in this section distributed as follows:

Administrative office.....	3
Financial Analysis Branch.....	10
Travel Audit Branch.....	10
Audit Control Branch.....	19
Total.....	42

The Financial Analysis Branch, which spends most of its time on War Shipping Administration matters, secures quarterly and annual statements from the agents and examines the computation by which compensation is adjusted. Agents have been extremely lax in transmitting these statements. In view of the fact that substantial monetary amounts are involved, the failure of the Comptroller's office to take the necessary steps to procure these statements is difficult to understand.

The Financial Analysis Branch develops statistics on net worth and working capital for the Committee of Allocation in connection with the allocation of additional tonnage to agents. The committee has apparently made its allocations in the past without definite financial standards since a dozen or more of the agents now functioning do not meet the committee's present invested-capital or working-capital requirements.

The Travel Audit Branch, which devotes itself almost entirely to War Shipping Administration matters, conducts annual audits of agents' corporate records. The purpose of these audits is to determine the propriety of general and administrative and selling expenses on which the agent has based his adjustment of compensation under General Order 12. The head of this branch could give no definite rules by which an expense could be considered allowable or unallowable. The expenses are compared to prior years' figures, and reliance is placed on the judgment of the individual auditor. This, in effect, allows the Auditing and Financial Analysis Section to decide policy matters. There is an unquestioned need for someone

with authority to decide the amount and type of expenses the agents will be permitted in adjusting their compensation.

The Audit Control Branch, largely engaged in War Shipping Administration work, prepares auditing and accounting instructions and handles the clerical details in arranging for agents' special bank accounts. This branch receives copies of the bank statements and examines them in order to make sure that the balances authorized are not exceeded.

For the most part, the work of this section, primarily auditing, suffers from poor management. Its coverage is important but its importance is too dependent on the judgment of individual auditors. Expenditure standards and an audit manual are badly needed.

I shall be glad to amplify these remarks, at your convenience.

Sincerely yours,

E. L. KOHLER.

Among other things you will find this statement in that report:

Hundreds of millions of dollars have not adequately been accounted for.

The full report is worth careful reading.

Mr. Speaker, one thing is abundantly clear. The manner in which this bill, if enacted into law, is administered is of the utmost importance. If the people's money is to be properly protected, there must be a complete change in the financial standards of the Maritime Commission. The Commission is undergoing some reorganization. I hope that the essential change will be forthcoming. There is no member of the House, I am sure, who wants to see this ship "sales" bill become a ship "gift" bill.

The SPEAKER. The time of the gentleman from Massachusetts has expired.

Mr. BRADLEY of Michigan. Mr. Speaker, may I ask the distinguished gentleman from Virginia [Mr. BLAND], if he will be good enough to yield the gentleman two additional minutes to answer a question?

Mr. BLAND. Mr. Speaker, I yield the gentleman two additional minutes.

Mr. BRADLEY of Michigan. Mr. Speaker, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from Michigan.

Mr. BRADLEY of Michigan. The gentleman referred to section 9 of the bill and the matter of adjustment. I think certainly in all fairness the gentleman does not mean to contend that a shipowner who purchased a ship several years ago from the Maritime Commission, and put his dollars on the line, should now be placed in an unfavorable position, competitively speaking, with a man who buys a ship today under this bill. I think in all fairness he is entitled to an adjustment. May I say to the gentleman that the Committee of the House and the Committee of the Senate and the conferees worked very splendidly to try to arrive at an honest, equitable solution that would not penalize any of the interests.

Mr. WIGGLESWORTH. Why does not the gentleman from Michigan go back 5 or 10 years if he is going to proceed on that basis?

Mr. BRADLEY of Michigan. Because this bill applies to ships that were built

during the war, to serve the war purpose, during the emergency. It has nothing to do with ships that were built prewar, but solely to the war built surplus fleet.

Mr. WIGGLESWORTH. For my part I can see no obligation insofar as this Congress is concerned to pay out \$89,000,000 on the strength of unauthorized statements made by the Maritime Commission.

Mr. BRADLEY of Michigan. The obligation as far as this Government is concerned is to preserve the Maritime fleet on the high seas and keep our flag flying.

Mr. WIGGLESWORTH. The gentleman sees eye to eye with me in that respect. We both want a 100-percent merchant marine. I do not believe, however, that the suggested payment of \$89,500,000 is necessary to that end.

Mr. BRADLEY of Michigan. I think the gentleman will agree with me that regardless of the bill or the conference report, it is necessary that we establish a definite policy, which is all important, and I understand it is the purpose of the chairman of the Committee on the Merchant Marine and Fisheries to appoint a subcommittee to keep a constant check on the application of this bill.

Mr. BLAND. That is correct.

Mr. WIGGLESWORTH. I am glad to hear the gentleman and the chairman make that statement.

The SPEAKER. The time of the gentleman from Massachusetts has again expired.

Mr. BLAND. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, we all know that a bill of this kind, such a far-reaching organic act, is a very hard one to consider and in the legislative processes must go through various amendments, and compromises must be arrived at. Those of us who have followed this bill realize the extreme difficulty the members of the committee have had. We congratulate them on the extraordinary work they have done in the great length of time they have been considering this bill, culminating in their bringing the bill out on the floor of the House.

The bill before us is the result of the legislative processes of the Congress. Many compromises have been necessary. There are some parts of the bill that I do not like myself, but the bill as a whole is a very good one. It puts on the statute books the organic act which is so important in the disposal of the vessels and in getting our merchant marine to work. I agree with an observation made by a gentleman a few moments ago that the important thing is to get our merchant marine to work.

This bill represents the best that can be done at the present time. As we obtain experience, in the light of that experience the proper committees of the House and the Senate can consider it and both branches of the Congress can consider amendments to the bill. This is a very important bill. I mean a lot to powerful and legitimate interests of our country and it means a lot to our Nation and to the future progress of our

Nation and the economic progress of our people. I hope the conference report will be agreed to. We can rest assured that after this bill becomes a law the committee of which the able gentleman from Virginia [Mr. BLAND] is chairman will continue to watch the situation closely. As conditions arise which warrant and justify amendments to the organic act that we are considering now, the House Committee on the Merchant Marine and Fisheries can and will consider and promptly act upon the necessary amendments.

I congratulate the chairman of the committee and all the members of the committee on the devoted work they have done in considering and reporting out the bill and in following it in its various stages up to the present time. Bringing out a conference report is an arduous task. Compromise is necessary. They have worked out a reasonable, fair bill, one that is the basis for action and as experience show the basis for future amendments if necessary, to make it work more effectively.

Mr. Speaker, I hope the conference report will be agreed to.

Mr. BLAND. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. WELCH].

Mr. WELCH. Mr. Speaker, H. R. 1603, as reported by the conferees is the final result attained after hearings and consideration by the Committee on Merchant Marine and Fisheries extending over 2 years. The Maritime Commission sent no less than six ship-sales bills to Congress during this time, wavering from one extreme to the other.

No bill of this kind can be perfect, but every effort has been made to make this bill equitable by fixing flexible prices. The success or failure of this bill, when enacted into law, will largely depend upon its administration, which is as it should be in legislation of this kind. Confidence must be given to administrative officials who carry the will of Congress into effect. I believe that the Maritime Commission will have our confidence to do this.

It is inevitable that in this type of legislation some inequalities will exist but if this develops, Congress can take necessary action at the proper time.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. WELCH. I yield to the gentleman from Massachusetts.

Mrs. ROGERS of Massachusetts. I understand no provision has been made here for priority for veterans in the purchase of ships. Is that true?

Mr. WELCH. No, I do not know that there is any priority for veterans.

Mrs. ROGERS of Massachusetts. I am very much troubled over that. Persons are contacting me about that. Some veterans or groups of veterans have expressed interest in purchasing some of the surplus ships that should have a priority and these are given priorities under the bill.

Mr. WELCH. I do not know that there is any priority for veterans with reference to the purchase of the class of ships provided for in this bill.

Mrs. ROGERS of Massachusetts. But groups of veterans could purchase them,

of course. I suppose now it would be impossible to put an amendment in the conference report?

Mr. WELCH. It would be impossible to amend the conference report at this time.

Mrs. ROGERS of Massachusetts. But the veterans ought to have preference in purchasing them.

Mr. WELCH. I do not see how they can give them preference.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks on this bill which is so important to the development and maintenance of our American merchant marine for many years to come.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BLAND. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Speaker, this conference report should be referred back to the House conferees with instructions to confer with the Ways and Means Committee of the House because the bill contains some tax-refund features which involve a great deal of money. In fact, it is possible that the tax refunds may reach as much as \$100,000,000. The bill also permits of tax-free moneys being held in account with interest to the depositor until taxes may have been lowered, with the possible resultant loss of millions of dollars in taxes to the Treasury.

Section 9 of the bill provides that prices of vessels already purchased and delivered can be readjusted and the owners refunded the difference between the prices paid and the floor price of 31½ to 50½ percent of construction costs. These vessels were chartered to the Government at exorbitant hire rates during the war and these charter hire fees, involving millions of dollars, are to be retained.

Section 8 provides that credit on trade-ins on hundreds of obsolete vessels which have been taken in on trade-ins involving hundreds of millions of dollars may be placed in tax-free deposit accounts. These accounts can be held tax-free and also drawn from later when taxes have been reduced, and we hope to lower taxes in the not too distant future if Congress will stop making needless appropriations.

Mr. BLAND. Mr. Speaker, will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. BLAND. The tax refund and tax exemption provisions were in the 1936 act, but I did not know that there are any such provisions in this bill.

Mr. KNUTSON. May I call the attention of the gentleman to the last paragraph on page 17 of the report. I assume the gentleman has read the report.

Mr. BLAND. Of course, I have.

Mr. KNUTSON. Of course—I say, I assume the gentleman has, because he is always alert in the performance of his duties. I congratulate the gentleman, but I nevertheless feel that this conference report should be voted down.

Mr. WELCH. Mr. Speaker, will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. WELCH. May I call the attention of the gentleman from Minnesota to the fact that the report of the conferees was published in the CONGRESSIONAL RECORD on February 6 of this year, approximately 3 weeks ago. Up to this time, no complaints have been registered with members of the committee with reference to the conference report.

Mr. KNUTSON. I register a complaint now.

Mr. WELCH. This is quite a late date.

Mr. KNUTSON. The policy of the House Membership in referring matters of taxation to various committees of the House is a bad policy and is going to result in the break-down of our tax system.

All legislation pertaining to taxes and refunds of taxes should be channeled through the Ways and Means Committee just like all legislation pertaining to banking and currency should go to that great committee, and legislation pertaining to interstate and foreign commerce should go to that committee. That is what we have these committees for. But if you are going to disembowel the Ways and Means Committee by spreading its functions around among various committees of the House, you will soon have a hodgepodge tax structure that will fall down ultimately.

This conference report should be rejected and the conferees should be instructed to confer with the Ways and Means Committee so we could find out just how much is involved in the way of tax refunds.

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. DINGELL. It is quite evident that this attempt to drag out this question and distribute it among other committees is getting worse rather than better. We have seen it recently with regard to legislation having to do with Civil Service, and we have the same thing in other bills that were referred to other committees not having proper jurisdiction.

Mr. KNUTSON. It is time the procedure was reversed.

The SPEAKER. The time of the gentleman from Minnesota has expired.

Mr. BLAND. Mr. Speaker, I yield 5 minutes, or so much time as he may desire, to the gentleman from Michigan [Mr. BRADLEY].

Mr. BRADLEY of Michigan. Mr. Speaker, this conference report is a sincere effort on the part of the conferees of the House and of the Senate to select from the two bills, on which these two great bodies worked about a year and a half, the very best possible compromise we could arrive at, and to select the best parts of each of those bills.

The conferees met in a very amiable spirit in trying to work out what we felt was the best basis to dispose of the surplus merchant fleet, and, as I said a while ago to the gentleman from Massachusetts [Mr. WIGGLESWORTH] keeping in mind the paramount responsibility of this Congress to maintain the present dominant merchant marine of this United States and keep our flag floating on all the seas of this world.

The gentleman from Minnesota [Mr. KNUTSON] just referred to the question of taxation. Our responsibility in preparing this legislation was to set a price on these ships at which they could be sold to the American operators. Included in the cost of anything is the question of taxes. I assure the gentleman from Minnesota that nobody that I know of more fully appreciates the prerogatives of the Ways and Means Committee than do the members of the Committee on the Merchant Marine. We do not want other people treading on our toes either. But this is the case of applying a price to ships, including adjustments of price of ships previously purchased, that would enable them to be sold to the American public and maintain them on the high seas.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. BRADLEY of Michigan. I yield.

Mr. KNUTSON. The bill clearly would lay down a new policy in the matter of tax adjustments.

Mr. BRADLEY of Michigan. I beg the gentleman's pardon. The bill does not, except insofar as was found necessary to cope with an entirely new problem.

Mr. KNUTSON. If the gentleman will read the last paragraph on page 17 of his own report—I know the chairman has read it because he told me he had.

Mr. BRADLEY of Michigan. I have read it, too.

Mr. KNUTSON. If the gentleman will read that last paragraph he will find it there, sticking out like a sore thumb.

Mr. BRADLEY of Michigan. May I say this: We have had this bill under consideration for over 2 years. Why did not the Ways and Means Committee come to our committee and tell us if they wanted certain tax provisions put into the bill.

Mr. KNUTSON. We did not even know that the committee would attempt to usurp the functions of the Ways and Means Committee.

Mr. HERTER. Mr. Speaker, will the gentleman yield?

Mr. BRADLEY of Michigan. I yield.

Mr. HERTER. Is it not true that the tax provision now being discussed, setting up a tax during construction reserve, was provided for in 1936?

Mr. BRADLEY of Michigan. It was provided for in the 1936 act, and we have not heard it questioned heretofore.

Mr. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. BRADLEY of Michigan. I yield.

Mr. CHURCH. Is it not true that every time this question came up in our committee during the past 2 years any questions of fact were denied and referred to as coming under the jurisdiction of the Ways and Means Committee, and we were not allowed to take into consideration the tax features of this bill?

Mr. BRADLEY of Michigan. That is true insofar as we were able to do it. Now I wish to make one more observation at this point.

Mr. CHURCH. The statement on page 17 to which the gentleman from

Minnesota refers deals only with a law that was passed back in 1936.

Mr. BRADLEY of Michigan. That is correct.

Mr. MANSFIELD of Texas. Mr. Speaker, will the gentleman yield?

Mr. BRADLEY of Michigan. I yield.

Mr. MANSFIELD of Texas. The question of taxation was not raised in the conference at all.

Mr. BRADLEY of Michigan. That is right.

I wish to make one final observation. When we brought the original bill to the floor of the House this committee did not go before the Rules Committee and ask for a closed rule as seems to be the habit with the great Ways and Means Committee. It seems to me the gentleman's observations might have been more timely when we discussed and passed the House version of the bill last October and which provisions the conferees accepted.

Mr. Speaker, I yield back the balance of my time.

Mr. BLAND. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. BUCK].

Mr. BUCK. Mr. Speaker, it has been said before here today that this probably is not a perfect bill. Perfection, however, depends largely on the point of view. I doubt if another year's work would produce a better bill.

There is urgency in the situation if we are going to have an American merchant marine in the years ahead. I hope therefore the conference report will be adopted.

Mr. Speaker, I yield back the balance of my time.

Mr. BLAND. Mr. Speaker, I yield such time as he may desire to the gentleman from Maine [Mr. HALE].

Mr. HALE. Mr. Speaker, I am strongly in favor of the adoption of this conference report. It represents the consummation of an enormous amount of effort and study over a period of some 18 months. Practically every word in the bill has been debated and discussed and I am confident that the bill in its present form is as good, humanly speaking, as it can be made. It is not precisely the bill that I would write if I could write it all by myself, nor do I assume that anybody else, on or off the committee, would have written this identical bill. For example, the statutory sales price of tankers as fixed in section 3 of the bill at 87½ percent of the prewar domestic cost, is, in my opinion, too high to enable the sale of as many vessels of this type as we ought to sell. I think it will drive business interests into the purchase of tankers abroad, but this statutory sales price represents a compromise and there would be no sense in rejecting the conference report merely on this account. In virtually every case I think that the conferees have shown great discrimination as between the respective provisions of the House and Senate bill and have adopted in the conference report the better provisions.

I do not think that the objection raised by the gentleman from Minnesota [Mr. KNOTSON] is well founded, nor do I think that the paragraph at the foot of page 17, which occasions him so much con-

cern, has the meaning which he appears to imagine. The tax provisions occur in the Merchant Marine Act of 1936. Section 9 of the bill imposes no new taxes, but section 9-c does make provision as to the date when, for income-tax purposes, certain credits shall be deemed to have accrued. I scarcely think it necessary that a provision so obviously reasonable should necessitate the delay of referring the bill back to the Committee on Ways and Means.

We have a great fleet of merchant vessels and we want to start getting rid of them now. I should hope for unanimity in the adoption of this conference report.

Mr. BLAND. Mr. Speaker, I yield to the gentleman from Texas [Mr. MANSFIELD] such time as he may desire.

Mr. MANSFIELD of Texas. Mr. Speaker, I shall not go into the details and technicalities of the bill. The Committee on the Merchant Marine and Fisheries, as has been stated here several times, has been working on this bill off and on for about 2 years.

The purpose of the bill is to get our surplus shipping into movement, into private hands, if possible. All ocean shipping during the war and up to this time has been under Government operation practically. We want now to dispose of these ships, place them in the hands of private parties so they can get into operation as soon as possible. It is very important that it be acted on without further delay because we have a large number of these ships.

I shall not go into the details of tonnage or anything like that, but, roughly speaking, we have about 3,000 what we might term surplus dry-cargo ships, and also between 400 and 450 tankers on hand. Sixty-two of these tankers are what is known as the slow type—the Liberty type—that were used during the war. They haul only about 75,000 barrels of gasoline in a full cargo, whereas all modern tankers haul practically double that amount at practically the same cost of operation.

It is going to be a hard matter to dispose of these ships. They are not suited for peacetime operation. They were built almost exclusively for war use and they served a good purpose during the war, for they helped us win it; without them we never could have gained the war for that matter because it was fought overseas.

After the First World War we had great difficulty along this same line. We had ships on hand. I went down with the Corps of Engineers and others below Quantico and saw where they burned 175 wooden ships in one holocaust. They could not dispose of them, they could not sell them, they could not give them away. They just put them together, covered them with oil, set them on fire and the ships burned down to the water level. The adjoining landowners sued the men who were salvaging these ships in the Federal court over in Baltimore. The case was finally compromised and dismissed because the salvage company agreed with the adjoining landowners and paid their claims.

The wreckage there covered some 35 acres of water. It was a tremendous

thing. We do not want to have to go through things like that again. We want to get these ships into operation if we possibly can. Some of them never will be. Furthermore, we have to keep a large number of them in reserve. Down in my State they are parking about 500 ships for future use of the Navy and for future use or disposition as may be made of them hereafter.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. MANSFIELD of Texas. I yield to the gentleman from Kentucky.

Mr. MAY. As I understand the proposition, generally speaking it is to get these ships disposed of to private owners in order that they may be utilized in commerce on the seas?

Mr. MANSFIELD of Texas. That is correct.

Mr. MAY. In addition to that, there are a great many repairs, changes, or alterations to be made on many of them before they can be utilized and it will take some time to do that. That is another reason for expedition in this matter?

Mr. MANSFIELD of Texas. The gentleman is entirely correct.

Mr. BLAND. Mr. Speaker, will the gentleman yield?

Mr. MANSFIELD of Texas. I yield to the gentleman from Virginia.

Mr. BLAND. Is it not also the evidence that it will cost the Government from \$3,000 to \$5,000 per ship for the ships laid up?

Mr. MANSFIELD of Texas. That is the information we have, I may say to the gentleman. Where they are putting these ships down in my district the private interests there are spending \$750,000 to dredge the lake in which they are storing the ships. They are expecting to get that back, of course, in repairs. They have to keep the ships painted and in repair and it costs about \$5,000 per year for each ship, they tell me.

Our merchant marine has had a sad history in many respects, as, for example, a few years ago we only carried between 8 and 9 percent of our foreign commerce in American bottoms. Under the Merchant Act of 1936 we succeeded in raising that up to about 33½ percent and we hope to get it up to 50 percent if possible. Other maritime countries were carrying 50 percent of their foreign trade. England, Germany, Holland, and other European maritime countries did that before the war. I do not know what they are doing now, of course.

We hope that we may be able to keep the American flag on our merchant marine the world over and carry as much of our freight as is possible.

The dry-cargo ships we have for sale consist almost entirely of what is known as the Liberty type. They are large, slow ships. They will carry 11,000 tons. They were well adapted for carrying large cargoes of trucks, bulldozers, and other heavy types of Army equipment. They served well the purpose for which they were intended, but they are not suitable to compete for the postwar trade. The ship operators all know these things. They have shown a willingness to purchase the Victory and the

C types, which are much faster than the Liberty ships, but few, if any of them have shown any intention of buying the large, slow ships.

The conferees are limited to points in dispute between the House and Senate bills. No objections have been heard to the conference agreement on those points. The objections we have heard apply to provisions in the original bill which were in it before it was acted upon, and approved by both House and Senate. Those questions are not now open for consideration. They have already been passed upon and approved in both bodies.

All salable ships should be disposed of without further delay. The longer we delay, the greater will be our loss of trade.

Mr. BLAND. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. HERTER].

Mr. HERTER. Mr. Speaker, a year ago when this bill was being considered by the committee, we had conflicts presented to the committee, not alone from the different members of the industry, the subsidized and the unsubsidized operators, but from four different Government departments. The War Department had an interest in this bill. That Department, although many did not know it, operated a very large fleet of its own. The Navy Department had a direct interest in this bill because of the importance of the merchant marine to the future of our defense.

The Maritime Commission submitted to us six drafts of bills, no two of which contained the same provisions. The State Department had very definite views as to what should be done in regard to selling ships to foreigners.

Those conflicts were resolved by degree until this House in October passed a bill. The Senate in turn made a number of modifications in that bill. Then the conference committee, in my opinion, did an excellent piece of work. The conferees took the very best features of the Senate and House bills and even though there may be some provisions in this bill that individuals can object to, considering the conflicts with which we started out, considering the difficulties that had to be surmounted, this bill is an excellent piece of work, and I hope the conference report will be agreed to.

Mr. BLAND. Mr. Speaker, I yield myself the remainder of the time.

Mr. Speaker, if the Members would or could read the various shipping reports and shipping news coming out from all over the world they would find out that Great Britain is not asleep. Norway is not asleep. Our competitors in foreign countries are not asleep. They are on the job to get ships and to get foreign trade and to build up foreign trade. If we want to pay our debts we must build up our foreign trade, too; and the only way we can do that is with American ships, American owned, and sailed by Americans.

I read from the Shipping World—British—January 30:

Statistics are becoming available which suggest the main pattern of British ship-building in the postwar years. There are

some 180 oceangoing ships, of approximately 1,400,000 tons gross, actually under construction, while orders for a further 106 ships, totaling about 730,000 tons gross, await vacant berths.

There is another statement to the effect that British blocked sterling balances held by Norway, Holland, and Greece, are expected to be paid off in large part by British services in rebuilding the merchant fleets of these countries. Are we to repeat the great tragedy of 1920 when we were selling ships for \$5 a ton, and later taking them back, getting nowhere—the time when our merchant marine was driven off the seas? I am pleading for the promotion of trade. I am pleading for some method of paying the taxes that Mr. KNOTSON talks about. I am pleading for the promotion of commerce and, more than all, for a sufficient merchant marine for national security in time of emergency.

Mr. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. BLAND. I yield to the gentleman from Illinois.

Mr. CHURCH. I want to commend the gentleman from Virginia who is our able chairman of the Committee on the Merchant Marine and Fisheries for the fine hard work that he has done on the various bills on this subject of ship sales in the last 2 years. There has been a great deal said about differences in the committee. Some of these differences were brought about by the State Department, in one case by reason of the fact that it urged some preferences for foreigners, in terms of sales. Our able chairman helped to resolve those differences. Thank God we have a bill finally that does not favor foreigners and that will enable Americans to own and operate these ships. I want to again commend the able chairman for his arduous work during the past 2 years in finally bringing this bill to passage today.

Mr. BLAND. I thank the gentleman.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken; and on a division (demanded by Mr. DIRKSEN) there were—ayes 116, noes 14.

Mr. DIRKSEN. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 233, nays 115, not voting 82, as follows:

[Roll No. 33]

YEAS—233

Adams	Barry	Brown, Ga.
Allen, Ill.	Bates, Ky.	Brown, Ohio
Almond	Beckworth	Brumbaugh
Anderson, Calif.	Bell	Bryson
Andrews, Ala.	Bender	Buck
Andrews, N. Y.	Bennett, N. Y.	Bulwinkle
Angell	Bishop	Burch
Arnold	Blackney	Burgin
Auchincloss	Bland	Butler
Bailey	Bolton	Camp
Barrett, Pa.	Bradley, Mich.	Campbell

Carlson	Hare	O'Neal
Carnahan	Harness, Ind.	O'Toole
Case, N. J.	Harris	Patman
Celler	Havenner	Patrick
Church	Hedrick	Peterson, Fla.
Clark	Hendricks	Phillips
Cochran	Herter	Price, Fla.
Cole, Mo.	Hess	Priest
Cole, N. Y.	Hill	Rabaut
Combs	Hinshaw	Rabin
Cooley	Hobbs	Rains
Cooper	Hoch	Ramey
Corbett	Hollifield	Rankin
Cox	Holmes, Wash.	Ranfield
Crosser	Hope	Reece, Tenn.
D'Alessandro	Howell	Reed, Ill.
Davis	Izac	Rea
Delaney	Jenkins	Richards
James J. Delaney	Johnson, Calif.	Robertson, Va.
John J. Delaney	Johnson	Rockwell
D'Ewart	Luther A. Johnson	Rodgers, Pa.
Dingell	Lyndon B. Johnson	Roe, Md.
Dondero	Kearney	Roe, N. Y.
Doughton, N. C.	Kee	Rogers, Fla.
Douglas, Ill.	Kefauver	Rogers, Mass.
Doyle	Kelley, Pa.	Rogers, N. Y.
Drewry	Kelly, Ill.	Rooney
Eaton	Keogh	Rowan
Eberharter	Kilday	Ryter
Elliott	King	Sabath
Ellsworth	Kinzer	Sadowski
Elsaesser	Kirwan	Sasser
Elston	Kopplemann	Scribner
Engle, Calif.	Kunkel	Sharp
Ervin	LaFollette	Sheppard
Fallon	Lane	Sikes
Fenton	Lanham	Simpson, Ill.
Flannagan	Larcade	Simpson, Pa.
Fogarty	Lea	Smith, Maine
Folger	LeFevre	Smith, Va.
Forand	Lemke	Sparkman
Fuller	Lesinski	Spence
Gallagher	Link	Starkey
Gamble	Ludlow	Stewart
Gardner	Lyle	Stigler
Gary	McCormack	Sullivan
Gavin	McCowan	Sundstrom
Gearhart	McDonough	Talbot
Gerlach	McKenzie	Tarver
Gibson	McMillan, S. C.	Thomas, N. J.
Gillespie	McMillen, Ill.	Thomas, Tex.
Gordon	Maloney	Thomason
Gorski	Manasco	Tibbott
Gossett	Mankin	Tolan
Graham	Mansfield, Tex.	Torrens
Granahan	Martin, Mass.	Towe
Grant, Ala.	Mathews	Traynor
Gregory	May	Trimble
Griffiths	Marrow	Wadsworth
Gross	Michener	Weichel
Hale	Miller, Calif.	Welch
Hall	Monroney	Wolcott
Edwin Arthur Hall	Morgan	Wolfenden, Pa.
Leonard W. Hall	Murdock	Wolverton, N. J.
Halleck	Murphy	Wood
Hancock	Neely	Woodhouse
Hand	Norblad	Woodruff
	O'Brien, Ill.	

NAYS—115

Abernethy	Fellows	Mansfield,
Allen, La.	Gathings	Mont.
Andersen,	Geelan	Marcantonio
H. Carl	Gillie	Martin, Iowa
Andresen,	Goodwin	Mason
August H. Barrett, Wyo.	Gore	Miller, Nebr.
Bates, Mass.	Granger	Mills
Bennett, Mo.	Grant, Ind.	Mundt
Biemiller	Gwynne, Iowa	Murray, Wis.
Bonner	Hagen	Norrell
Brooks	Harless, Ariz.	O'Brien, Mich.
Buffett	Healy	O'Hara
Byrnes, Wis.	Henry	O'Koneki
Canfield	Hoever	Outland
Chelf	Hoffman	Pace
Clason	Horan	Patterson
Clements	Huber	Pickett
Clevenger	Hull	Pittenger
Coffee	Jackson	Ploeser
Colmer	Jennings	Plumley
Cravens	Jensen	Poage
Crawford	Johnson, Ill.	Price, Ill.
Cunningham	Johnson, Ind.	Rees, Kans.
Curtis	Johnson, Okla.	Rich
De Lacy	Jones	Rizley
Dirksen	Jonkman	Robison, Ky.
Dolliver	Kean	Russell
Douglas, Calif.	Kilburn	Savage
Durham	Knutson	Shafer
Dworshak	Lecompte	Short
Earthman	Lewis	Smith, Ohio
Ellis	McGehee	Smith, Wis.
Engel, Mich.	Madden	Springer
	Mahon	Stefan

Stevenson	Voorhis, Calif.	Wickersham
Stockman	Vursell	Wigglesworth
Sumner, Ill.	Wasielewski	Winstead
Taber	White	Worley
Talle	Whitten	
Thom	Whittington	

NOT VOTING—82

Arends	Fisher	Norton
Baldwin, Md.	Flood	Peterson, Ga.
Baldwin, N. Y.	Fulton	Pfeifer
Barden	Gifford	Powell
Beall	Gillette	Quinn, N. Y.
Bloom	Green	Randolph
Boren	Gwinn, N. Y.	Reed, N. Y.
Boykin	Hart	Riley
Bradley, Pa.	Hartley	Rivers
Brehm	Hays	Robertson,
Buckley	Hébert	N. Dak.
Bunker	Heffernan	Robinson, Utah
Byrne, N. Y.	Heseltin	Schwabe, Mo.
Cannon, Fla.	Holmes, Mass.	Schwabe, Okla.
Cannon, Mo.	Hook	Sheridan
Case, S. Dak.	Jarman	Slaughter
Chapman	Judd	Somers, N. Y.
Chenoweth	Keefe	Summers, Tex.
Chipperfield	Kerr	Taylor
Clippinger	Landis	Vinson
Cole, Kans.	Latham	Vorys, Ohio
Courtney	Luce	Walter
Curley	Lynch	Weaver
Dawson	McConnell	West
Dawson	McGlinchey	Wilson
Domeneaux	McGregor	Winter
Felghan	Morrison	Zimmerman
Fernandez	Murray, Tenn.	

So the conference report was agreed to.

The Clerk announced the following pairs:

General pairs until further notice:

Mr. Randolph with Mr. Taylor.
 Mr. Heffernan with Mr. Latham.
 Mr. Sheridan with Mr. Holmes of Massachusetts.
 Mr. Lynch with Mr. Brehm.
 Mr. Quinn of New York with Mr. Arends.
 Mr. McGlinchey with Mr. Hartley.
 Mr. Murray of Tennessee with Mr. McGregor.
 Mr. Pfeifer with Mr. Beall.
 Mr. Curley with Mr. Reed of New York.
 Mr. Bunker with Mr. Heseltin.
 Mr. Hook with Mr. Schwabe of Missouri.
 Mr. Bloom with Mr. Judd.
 Mr. Flood with Mr. Keefe.
 Mr. Vinson with Mr. Schwabe of Oklahoma.
 Mr. Somers of New York with Mr. Gifford.
 Mr. Buckley with Mr. Chipperfield.
 Mr. Baldwin of Maryland with Mr. Vorys of Ohio.
 Mr. Courtney with Mr. Case of South Dakota.
 Mr. Boren with Mr. Chenoweth.
 Mr. Morrison with Mr. Fulton.
 Mr. Kerr with Mr. Clippinger.
 Mr. Hart with Mr. Gillette.

Mr. VOORHIS of California, Mr. MARANTONIO, Mrs. DOUGLAS of California, Mr. OUTLAND, Mr. DE LACY, Mr. ALLEN of Louisiana, Mr. GILLIE, Mr. LEWIS, Mr. CUNNINGHAM, and Mr. MADDEN changed their votes from "yea" to "nay."

The result of the vote was announced as above recorded.

The doors were opened.

Mr. BLAND. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include certain material and I also ask unanimous consent that all Members may have five legislative days to extend their remarks on the conference report.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

BUFFALO BILL DAM AND RESERVOIR

Mr. MURDOCK. Mr. Speaker, I ask unanimous consent for the immediate consideration of Senate Joint Resolution

136, changing the name of the Shoshone Dam and Reservoir to Buffalo Bill Dam and Reservoir in commemoration of the one hundredth anniversary of the birth of William Frederick Cody, better known as Buffalo Bill.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Arizona?

There being no objection, the Clerk read the joint resolution, as follows:

Resolved, etc., That in commemoration of the one hundredth anniversary of the birth on February 26, 1846, of William Frederick Cody, better known as Buffalo Bill, the name of the Shoshone Dam and Reservoir in Park County, Wyo., is changed effective February 26, 1946, to the "Buffalo Bill Dam and Reservoir."

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

Mr. MURDOCK. Mr. Speaker, today, February 26, is the one hundredth anniversary of the birth of William S. Cody, better known throughout the West and throughout the world as Buffalo Bill. It seems fitting that we should commemorate this day in a manner that will place this unique westerner in a firmer place in our minds and memories. Such is the very purpose of Senate Joint Resolution 136, which has just passed the House by unanimous consent. This measure was sponsored in the Senate by Senator ROBERTSON, whose home is at Cody, Wyo., and who himself was a lifelong friend of William F. Cody. It is because of that friendship and the feeling which I know to exist among the people of Wyoming that I was glad to report favorable action on the part of the House Committee on Irrigation and Reclamation in its unanimously reporting this measure favorably, which the committee did on February 21.

As a boy I never lost an opportunity to see Buffalo Bill, and I regarded his exhibitions and feats of showmanship as surpassing anything of similar character in the world at that time. Of course, I thrilled in reading his exploits by which he earned the title "Buffalo Bill," and I recognized the value of his services in helping to build railroads across the western country and thus bringing civilization in the wake of the iron horse. I have always contended that the sober truth regarding these great western characters was more thrilling than the dime-novel literature which has crowded our newsstands and book stalls for so these many years. Well, I am told that Buffalo Bill did more than astonish and startle the world by feats of marksmanship and horsemanship, and that he was a real builder in his chosen part of the West, that he had much to do in promoting irrigation and reclamation, and, from that standpoint, it was appropriate that his name should be attached to one of the great reclamation structures.

As to the propriety of names given to engineering structures, I do know that there is a difference of opinion. There are some who say that dams, roads, bridges, and the like, should be named after eminent engineers or public offi-

cials. Others say that geographic names or names with local meaning, but which are impersonal, should be used. For my own part, I think that depends upon circumstances, and I think it is well to apply the name of a great personage to a work to which his efforts have contributed to a major degree. I think always the attitude and feeling of the people in the community should be given first consideration. If I may judge from the evidence heard, it is the desire of Wyoming that this engineering work should be named after the great man who gave his name to the nearby city, and which community he did so much to bring to full development.

POSTAL SERVICE

Mr. BURCH. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 4652) to provide credit for past service to substitute employees of the postal service when appointed to regular positions; to extend annual and sick leave benefits to war service indefinite substitute employees; to fix the rate of compensation for temporary substitute rural carriers serving in the place of regular carriers in the armed forces; and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 22, after "promotions" insert "": *Provided further, That upon appointment of a substitute employee to a regular position he shall not be placed in or promoted to a grade higher than the grade to which he would have progressed, including benefits authorized by section 23 of Public Law 134, approved July 6, 1945, had his original appointment been to a regular position of grade 1: And provided further, That employees shall not be allowed credit for service performed under temporary or war-service appointments except when such service is continuous to the date of appointment as a classified substitute or regular employee."*

Page 2, after line 22, insert:

"Sec. 2. Employees who have been separated or shall hereafter be separated from the field service of the Post Office Department for military duty shall be given credit under the provisions of section 1 of this act for the periods or terms of substitute service immediately preceding their entry into military service and pro rata credit shall be given for the time engaged in military service. Employees who are reinstated to positions in the field service of the Post Office Department may be given credit for the periods or terms of continuous substitute and regular service immediately preceding their separation, but they shall not be placed in a grade higher than the grade to which they would have progressed in continuous service."

Page 2, line 23, strike out "2" and insert "3."

Page 3, line 4, strike out "3" and insert "4."

Page 3, line 11, strike out "4" and insert "5."

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

HOUSING STABILIZATION

Mr. SABATH. Mr. Speaker, I call up House Resolution 530 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 4761) to amend the National Housing Act by adding thereto a new title relating to the speculation and excessive profits in the sale of housing, and to insure the availability of real estate for housing purposes at fair and reasonable prices, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 day, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SABATH. Mr. Speaker, later I shall yield 30 minutes to the gentleman from Illinois [Mr. ALLEN].

Mr. Speaker, before I say anything about the rule, I wish to answer the gentleman from Ohio who charged on the floor that this is a political bill. If aiding the war veterans and the masses to obtain homes is political, then, of course, it is political, but otherwise it is non-political.

This rule provides for spending the entire day in general debate. Tomorrow the bill will be considered under the 5-minute rule, with ample opportunity being afforded to every Member to offer amendments and express his views.

Personally, I think that if ever there was a need for legislation there is extreme need for this legislation at the present time. You all know of the shortage of housing, of the conditions that unfortunately exist, so it is not necessary for me to explain the need. You all agree that something must be done. Under this bill houses can be and will be built.

I am not going to detain the House any longer than absolutely necessary, but I must state that the delay in granting the rule was due to the fact that some members of the Committee on Rules feared that the Committee on Banking and Currency might offer amendments with which some of the members did not agree.

Members of the Committee on Banking and Currency who appeared before the Committee on Rules indicated that virtually all members of the committee are in favor of the principle of the bill. The members of the Committee on Rules are in favor of the principle of the bill. But there was some apprehension, as I have stated, that certain provisions which already had been stricken from the bill would be offered as committee amendments. The Committee on Banking and Currency has agreed, however, not to offer amendments either to place ceiling prices on old homes or to authorize \$600,000,000 for housing subsidies. Whether such amendments will be offered by any other Member of the House, but not as a committee amendment, I

do not know and have no way of knowing. Under the rule, any Member has the right to offer any amendment which he believes will strengthen the bill. I have no doubt but that amendments will be offered which would weaken the bill. I hope no weakening amendments will prevail. We need in this bill all the strength we can give it if the urgent problems of building homes for the American people are going to be solved. I myself believe, Mr. Speaker, that it may be well if an amendment is offered to place ceilings on the resale of old homes, but not on the original sale. In other words, if you own a home and you want to sell it legitimately, you would not be restricted as to the price; but if the purchaser buys it for the purpose of resale, in the role of a speculative dealer, then there should be a ceiling on the resale price; otherwise, speculators may take advantage of the situation and instead of helping the housing program may hurt it.

I feel and am fully satisfied that the Administrator will see to it that houses will be built, and in a short time, I believe, relief will be forthcoming. The gentleman who has been appointed for that important position by the President, Mr. Wilson Wyatt, is an extraordinary man, a man with real ability, a man who is not wasting time. Already within a short space of time he has made tremendous progress. He has constructive ability, and from what I learn from him and others I know he has a plan that will work. He aims to bring about the placing of a ceiling on all materials that go into home construction to eliminate the shortage. If I am not mistaken, he has also found the solution of the problem of additional labor to aid in the construction of homes through his agreements with the building crafts to take on needed apprentices. He has already taken that up with the organizations so that they will permit additional membership in the various crafts, and thus obtain from two to three hundred thousand additional men in the home construction program.

I fully appreciate from what has been said, from what I have read and what I have heard, that there is a shortage of lumber. There has long been a shortage of lumber. I think Mr. Wyatt is making progress in bringing about increased production of lumber. That is a step in the right direction. However, he also feels that many of these homes can be built out of brick. I know from my own knowledge that brick homes can be built at a very small increase over what it costs to build homes of lumber. Just this morning I have talked with the people who feel they can aid in construction, if they will have an opportunity to start immediately, to produce additional quantities of aluminum. I have been furnished by an outstanding organization a circular which shows that they feel they can aid in building at least two or three hundred thousand homes within a year, with the material they can produce, without any increase in price.

As to the ceiling on new homes, it is absolutely necessary. Personally, some of my very close friends are interested in the construction of these homes, and

they have built quite a few and contracted for some, and they think it is wrong that I should be in favor of placing ceilings on the new homes. But I feel that the interest of the war veterans, and of the thousands upon thousands of people in the country who are seeking homes, is greater than profit for a few men here and there, even though they are personal friends.

In that connection I regret that the real-estate organizations and the builders' organizations have sent out circulars protesting against this bill. Again, I do not blame them for wanting to make all the money they can, and they are opposed to ceilings, but it is high time that they too should take an interest in the welfare of our Nation and should realize and recognize that the boys who served us across the seas are homeless and are entitled to consideration at our hands.

Mr. SPRINGER. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield for a question.

Mr. SPRINGER. Would this ceiling apply to the building of new farm homes—homes out in the country?

Mr. SABATH. I think it should be applied everywhere on new homes, because even on the farms the contractors out in the country are not in business to lose money. Personally, in view of conditions, I think we should all give a little and not seek too much. I have no objection to contractors and real-estate operators making a decent profit. I believe in it. But I am against unreasonable and unfair profits, especially at this time when thousands upon thousands of servicemen and their families and of other worthy American citizens are without shelter.

I also know there has been and is a great demand on the part of gentlemen who own a great many apartment buildings in various cities, asking that we remove the ceilings on rents. I know some of those people who have acquired many of those large apartment buildings at very low prices during the bad years, and I asked them, "Is not your income at least 10 or 12 percent on your investment?" They say, "But what did the building originally cost?" I said, "But you did not pay that. You paid only 10 or 12 or 15 percent for that building, and therefore your request that we remove the ceilings on rents is manifestly unfair." I am of the opinion that the program provided for in this bill is sound and must be carried out if we are to be honest with our servicemen and with the thousands of homeless families in this country.

Before our committee there was no opposition to the bill or the rule when matters were finally explained. I, therefore, hope there will be no opposition on the floor. There may be some contest on those two questions.

One other question may arise but again I feel that perhaps we should provide adjustment upon buildings that have been started and are in course of construction, that in such case allowance should be made as to costs, because it is not our intention that anyone lose money when in good faith he started to relieve the housing shortage. With that amendment and perhaps with the

amendment placing a ceiling on the resale of old homes I think we will have a splendid bill, one in the right direction. It will be in efficient hands. I do not know of any man with whom I ever had any dealings in whom I have greater confidence than the former mayor of the great city of Louisville, Mr. Wyatt, who I think is exceptionally well-fitted for this critically important task and will render great service to the country and expedite the construction of homes.

With that, Mr. Speaker, I reserve the balance of my time and yield 30 minutes to the gentleman from Illinois [Mr. ALLEN].

EXTENSION OF REMARKS

Mr. MASON of Illinois asked and was given permission to extend his own remarks in the RECORD and include an editorial.

Mr. JOHNSON of California asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial.

SPECIAL ORDER GRANTED

Mr. MASON. Mr. Speaker, I ask unanimous consent to address the House for 30 minutes on Thursday, February 28, following the legislative business of the day and special orders heretofore entered for that day.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

HOUSING STABILIZATION

Mr. ALLEN of Illinois. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Speaker, our chairman has stated in a general way what this is all about, and I think the speech he made should surely secure some housing for Chicago.

Mr. SABATH. How about Detroit?

Mr. MICHENER. An analysis of the Patman bill makes it clear that it contemplates three objectives.

Section 1 declares a policy of the Government to the end that adequate housing for our people may be available at the earliest possible moment. No fault can be found with this objective. There is a distressing shortage of housing in every State, city, and community throughout the country. Apparently this fact is recognized by all and, by the same token, the entire Congress is anxious to overcome this scarcity just as soon as it is practicably and humanly possible. At least that is the way I feel about it, and I am sure I speak for a vast majority of my constituents.

If we are all in favor of providing adequate housing, then it is just a question as to the best method to bring this about. Here is where the rub comes. Should the job be undertaken under minute Government regulations and controls affecting materials, prices, ceilings, construction work, and all the rest, or should the Government keep hands off, lift all ceilings, remove all controls, and attempt the policy of "Business as usual," so far as meeting the housing demands are concerned?

Naturally those who want to regiment and control all activities of the people

feel that here is a good place to practice their philosophy. On the other hand, that group, which feels that all controls should be lifted, shouts that here is the place and now is the time to make a beginning.

My study and experience have taught me that neither of these groups should prevail. Only such controls and regulations should be continued as are absolutely necessary, and these for a limited period only. I am not yet convinced that subsidies are wise in this instance. Nevertheless, I am approaching the whole field with an open mind and believe that should be the attitude of all of us, until full explanations are made, cause shown, and adequate reasons given by the Banking and Currency Committee.

Subsection (a) of section 2 of the bill creates still another Government bureau, which will be headed by a Director, who will receive \$12,000 per annum. This Director is authorized to appoint such employees as he deems necessary to carry out the provisions of the bill. He is not limited at all as to the size of the bureau or the number of employees. He is given very unusual and extensive authority. He is made a virtual czar in the house-building field.

Beginning with subsection (b) of section 2, 14 pages of the bill are devoted to outlining specific powers, authority, and control to the Director who, it is fair to presume, will be Mr. Wilson Wyatt. Some may call him an expeditor but the Patman bill calls him the Director.

Mr. Speaker, I have read the last 14 pages of the bill very carefully and I think a lot of time and a lot of words have been wasted. In all this language there is not a single instance of a limitation being placed on the Director's power. In fact, an attempt is made to be sure and see to it that the Director has ample and all-inclusive authority. The reading of these pages is conclusive proof of the fact that another bureau is to take hold, in determined fashion, of the building industry of the entire country; that is, the materials used in construction, the time and manner of use, the cost, the sale price, the profits, the losses, and all the rest. The whole building industry is to be made completely subservient to the discretion of the Director.

Now I think you all recognize that I believe in writing as short laws as possible, in as plain language as possible, and with as little doubt as to the meaning of the law as possible. So many words, sentences, paragraphs, and pages make for confusion and provide opportunity for misunderstanding the intent of the Congress. Therefore, this bill might be shortened up by having subsection (b) read as follows:

The Director shall formulate and develop a comprehensive national program to effectuate the purposes of this title, all laws of the land to the contrary notwithstanding.

I want to impress upon you that this Director is given dictatorial power just that broad. Do we want to do that? Will such surrender of power to any individual be good, wholesome legislation? I doubt it.

Mr. Speaker, I do not believe there is any opposition to this rule. I voted to bring the matter before the House where the Members may consider the Patman bill, which has committee approval, and make such changes as they feel desirable. I am advised that the gentleman from Michigan [Mr. Wolcott] the ranking minority member on the committee, will shortly discuss a substitute which he will offer on tomorrow for the Patman bill. That substitute will be printed in today's CONGRESSIONAL RECORD so that we may all read it before we must vote on it tomorrow. There has been some criticism because, as we are advised, the Banking and Currency Committee expects to offer an amendment to the bill providing \$600,000,000 as a preliminary subsidy, together with ceiling prices on old and new housing construction. May I say that the Rules Committee tried to ascertain the facts from the Banking and Currency Committee regarding such proposals. Indeed, I asked that if such amendments were to be offered they be printed in the CONGRESSIONAL RECORD last week so that the rest of us might not be taken by surprise and be unprepared to act intelligently on such amendments. As yet the committee has kept its own counsel and we do not know what committee amendments will be offered.

For my part, I am not going to vote for a bill containing surprise amendments that I do not understand and about the effect of which I am not advised. It seems but reasonable that the House should take this same position. If any new matter, on which no hearings have been held and about which adequate information is not available, is included in the bill, then it should be recommitted and sent back to the committee for proper hearings where all interested groups and individuals may be permitted to express their views. Building houses is not the vocation of Members of Congress. We are certainly laymen in that field and need all possible information before making the blueprints which must be followed to get the houses.

I note that my time is exhausted and possibly I will be able to complete my remarks later in the discussion.

The SPEAKER pro tempore. The time of the gentleman from Michigan has expired.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. BROWN].

Mr. BROWN of Ohio. Mr. Speaker, I consider this bill H. R. 4761, one of the most important measures which will come before the Congress during the present session. In my opinion, it is a bill to which we should give careful study and attention, not alone for what is contained in this particular measure, but also for what is contained in the substitute which will be offered therefor, and because of what will be contained in various amendments that I understand will be offered by members of the Banking and Currency Committee to the original measure in behalf of the administration.

Everyone wants housing, not only for the veterans—and I think we all agree they are entitled to priority and preference—but for all good American citizens who need homes. Homes have been

a growing need here in America for the past decade or more, and ever since VE-day our people have been promised by the administration that something would be done about the housing situation.

This bill, and the proposed amendments thereto, is seemingly the administration's solution to the pressing housing problem that confronts us. However, the administration, instead of doing first things first, instead of getting greater production of the building materials that are needed, instead of eliminating some of the bottlenecks that have existed as the result of the ineffectiveness of its operation of the Government, is coming here to the Congress with a suggested legislative program of piling another new bureaucratic agency, with great and broad dictatorial powers, on top of all of the other existing bureaucratic agencies, which already have and exercise the same dictatorial powers—some of them for many, many months and years past—and yet have completely and miserably failed to solve the housing problem.

It is a very fundamental question we have before us today—whether the addition of this proposed new bureaucratic agency to the already top-heavy structure of Federal Government will in any way actually bring relief to those we desire to help? If we enact this legislation as presented, we are again granting dictatorial powers to one individual—not to the President of the United States, who has the responsibility under the Constitution, or to any other elective official responsible to the people, to administer our laws, but, rather, to an agent of the Congress, a new individual official, an expeditor or administrator, or whatever they call him, who will have all the power in the world to do almost anything he wants or desires to do as far as housing is concerned. It is a grave question whether we want to give to any individual the great, broad, and dictatorial powers contained in this bill, or whether that responsibility should be placed, if it is necessary at all—and I seriously question that it is—in the hands of the President of the United States or some other constitutional officer responsible to the people.

We talk a great deal, as we go about the country or see our constituents, as to how we are against bureaucratic control of government, how we are against waste and extravagance, and the creation of new jobs, and yet here we are discussing again the creation of a new governmental agency, and the granting of new dictatorial powers, and, on top of it all, through amendment, the voting of some \$600,000,000 as a subsidy instead of following the ordinary and honest method of permitting price ceilings to be realistic, and thus making it possible for private industry to furnish the building materials and the homes we need.

Can anyone wonder why we have shortages of building materials? Why, for months now, house flooring—finished tongue-and-groove flooring—has been selling at a lower ceiling price, as fixed by OPA, than the ceiling price on the rough lumber from which such flooring is manufactured. The same

situation has existed in house siding. Yet we stand around and wonder why we do not have flooring with which to build needed homes; why we do not have siding to cover the walls of such homes and to keep out the weather. The same thing is true all along the line. It is both an example and result of ineffective administration. The other day I talked to Civilian Production Administration officials who told me it is practically impossible to find or purchase almost anything in the nature of woodworking machinery. Why? Simply because the price ceilings fixed by OPA on woodworking machinery have been so low that no one is manufacturing much of it. Go out and try to buy machinery or equipment to make cement blocks, so essential to the construction of homes. It is almost impossible to find such machinery. Only a few companies are making it. There is a great backlog of orders—and back orders are not production machines and do not help to solve the housing problem.

Legislation alone will not build a single home. What builds homes are workmen and available materials, and we better look at this thing realistically.

I want to suggest to all of you—because it is of the utmost importance—that we scan this legislation carefully; that we study every amendment presented to this measure; and thoughtfully listen to the debate, because by what we do here we will probably fix the future of America, and decide the kind of a country we are to live in for many years to come.

Mr. SMITH of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Wisconsin.

Mr. SMITH of Wisconsin. Does the gentleman believe this bill will result in the erection of even one new home?

Mr. BROWN of Ohio. I do not know, but I am certain of one thing: It will not result in any increase in construction of homes unless many other things are done or changed first.

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Speaker, I think all of us have fervently hoped ever since VJ-day that we had reached the point where we would begin to do away with bureaucratic control over the lives and the businesses of our private citizens. I regret the necessity, if there is a necessity, of here setting up another bureau that will exercise those functions which we thought when we were passing laws were to be exercised only in the wartime emergency when the guns were being fired.

I do not know whether this bill ought to be enacted or not, but I do want to say to the House that I think we ought to consider very carefully before we vote for it. In the first place, the Committee on Banking and Currency came before our committee, the Committee on Rules, with this bill, and it developed at the first hearing that while this was what was offered for a rule it was in contemplation that there would be an executive meeting of the committee when some other things would be brought out, and

apparently the committee could not give us assurance as to what they would contain. I understood there would be an amendment to fix prices on existing housing, that there would probably be something about a large subsidy to be granted to people for building houses. I know the Committee on Banking and Currency are trying to deal with a situation that they think needs to be dealt with; but you can pass all the laws you choose, you can put all the restrictions on human beings you choose, but you cannot build a house without some planks and some nails. That is exactly what we need. What we need is production of building materials.

This thing of writing a lot of words in a bill and saying an American citizen cannot do this or he cannot do that or cannot do the other just is not going to build you a house. I feel that these restrictions are not only not going to add any houses but they are going to keep people from building houses. I have been more or less of a jack-leg businessman all my life. If I wanted to build a house—and I have built some—today, and I looked at this bill and saw that after I got done building that house I could not sell it to anybody, I could not rent it to anybody, and I could not do anything with it until I came here to Washington and got the consent of some bureaucrat who might have been a soda water jerker before he began pricing houses, I just would not build a house. Frankly, I would not build a house under this bill if it is passed. Lots of people may not agree with me. Other builders may build their houses, I will not say they will not. I can only give you my own reaction to this proposition.

Let us take the provisions of this bill about what the Director may do. The Director is authorized to require any person who deals in, sells, rents, or buys, or offers to sell, rent, or buy any housing accommodations to furnish information under oath, to make him keep records and make reports, and do this and do that and do the other.

All right; we have the OPA and in the OPA they have a rent control, and you cannot rent anything today unless you have the authority of the OPA. Now they are going to set up another OPA under this bill under a different agency, and that OPA is going to compete with the existing OPA in requiring you to file answers to questions for information on fixing rents, and so forth. I do not know why the committee wants that in the bill. Here is another thing I believe we ought to think about. I hope I will not be considered as making too much of an assault on this bill because I realize the dangers of inflation. I want to see something done about it, but I do not want to do something that is going to do more harm than good. Consider the existing real estate situation. Inflation in existing real estate, housing, and buildings is getting out of hand. I realize this. I see it every day in my home city. I do not know what the answer is.

The SPEAKER pro tempore. The time of the gentleman from Virginia has expired.

Mr. SABATH. Mr. Speaker, I yield three additional minutes to the gentleman.

Mr. SMITH of Virginia. I do not know what the answer is. I do not believe this bill is the answer. I am afraid I do not so believe. Although I believe I would come nearer to voting for the proposed amendment to fix the first sale of existing real estate at the maximum price than I would to vote for this thing about new houses.

Mr. BARRY. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from New York.

Mr. BARRY. May I point out the situation to the gentleman with reference to the returning millions of soldiers? There is a greater housing shortage now so far as they are concerned than there was during the war, that is, under the free market as we have it at the present time.

Mr. SMITH of Virginia. I know what the gentleman is talking about. I know there is a housing shortage. Everybody knows that. The question is, What is the answer?

Mr. BARRY. But is it not true that in the free market we have at the present time the prices of the houses are way out of line to the great majority of returning veterans, that is, regarding both new and old houses?

Mr. SMITH of Virginia. I believe the prices that are being charged returning veterans for real estate in the present markets is a crime which is being perpetrated on them. Returning veterans are now paying from 33 1/3 to 50 percent more than the property is worth.

Mr. PATRICK. Mr. Speaker, if the gentleman will yield for a question at this point, may I ask him, Does not this bill provide that the initial sale of the real estate will assess the top valuation at which the property can be sold?

Mr. SMITH of Virginia. No.

Mr. PATRICK. Is not that the way this bill sets that up?

Mr. BARRY. No; that is not in this bill.

Mr. SMITH of Virginia. No. After the property has once been sold, that is, new property, then that is the ceiling price, but the new OPA is going to fix the ceiling price before you can sell the property. My theory is that any builder who has any responsibility or who is risking anything of his own is not going to take a chance to build houses to sell when he knows he cannot sell them until the OPA tells him what the price is going to be.

You have in this bill this further feature which I am afraid of. This fixes the price, not only on houses to be built hereafter, but on houses now under construction. Suppose a man is building 50 houses and they are in a stage of construction between the roof and the cellar as of today. Suppose tomorrow we passed this bill. He cannot turn a wheel on selling those houses which he has already put his money into when we come along and pass this ex post facto law and proceed to fix the price that he can sell the property for, on a proposition where the builder has already committed himself and has obligated himself before

this bill has been passed. Now, I say what I have said with apologies because I realize the dangers that these gentlemen are trying to avert, and it is a real danger. I do believe we ought to examine this thing very carefully before we go this far.

The SPEAKER. The time of the gentleman from Virginia has expired.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 10 minutes to the gentlewoman from Illinois [Miss SUMNER].

Miss SUMNER of Illinois. Mr. Speaker, the bill before you does not give the Administration any more power than it already has except that the bill enables the Administration to put price ceilings on houses. As most of you already know from reliable people in your own community and from everybody in the housing industry who can manage to wire or get down here, price ceilings are going to discourage the building of houses. The building industry is literally up in arms against the communistic Patman-Wyatt housing program of which this bill is a part and the rest of which will probably be put on either by amendments or otherwise unless you, the Congress, resist it.

There is plenty of reason to suspect that the main people pushing this program are doing so in an effort to perpetuate and extend over the housing industry and home owners and home seekers the communistic OPA wartime controls. Also it is motivated, I suspect, by those political favorites, including the CIO, and such people as Kaiser, who see in this Wyatt-Patman housing program a chance for a bonanza, to go into the business of mass production of houses made out of aluminum and other weird materials. The favorites will have the assistance of all the precious money the veterans have been able to save with which to buy them, and Government assistance in the way of subsidies, free Government factories, free distribution, and even free markets. You begin to see what is behind all this fanfare about a housing program when you talk personally with the producers of strategic materials, materials without which you cannot build houses.

For months past, at the very time that Mr. Bowles and other officials were before the Senate and House committees pushing up this matter, trying to generate enthusiasm for some such program as the Wyatt-Patman housing program, the OPA was deliberately and maliciously preventing the production of houses through preventing the production of the very strategic materials which you must have to build houses. Lumber, brick, tile, clay products, soil pipe, windows, et cetera, et cetera. These producers were absolutely denied and delayed the necessary increases sufficient to cover their increased cost and increased wages, much less profits, until many of them were completely and absolutely driven out of business.

Mr. SABATH. Mr. Speaker, will the gentlewoman yield?

Miss SUMNER of Illinois. No; not now. Later, if you please.

Read the press releases and the hearings on the bill, and see how artful the officials have been in trying to sell the committee on a continuation of OPA

controls and the extension of price ceilings as a means of getting houses built. They have tried to instill into your minds the idea that unless private industry can do the job, then the Government will have to step in and do it, or at least subsidize it. All the time they were the ones who were preventing private industry doing the job. They keep holding before your eyes the possibility that we could get mass production of houses in no time, made of aluminum, if only the Government would pay the expense of it.

It is downright wrong. It is wrong for politicians and Government officials to use their powers thus to force veterans to buy these glorified garbage cans to live in. Veterans want and deserve the right to have the good kind of houses that other people live in and which the OPA is preventing them getting. But the communistic Patman-Wyatt housing program which they are going to use every effort to put over on you will enable these political profiteers to get free factories, billions of dollars in subsidies ranging it is said from \$600,000,000—you will have to pay \$4,000,000,000 at least before you are finished with it—free markets, guaranteed price control on existing industry, guaranteed insurance for what they want to do in the way of experiment.

Mr. SABATH. Mr. Speaker, will the gentlewoman yield?

Miss SUMNER of Illinois. Not now.

The bureaucrats assure you, and OPA assures you, and Bowles assured us that they are and have been doing everything in their power to release every restriction on housing construction; but OPA still sits on its policy that prevents reconversion, as stubbornly as a hen trying to hatch a glass egg. The only OPA restriction they have lifted as far as I know is Bottleneck Bowles. He is lifted up to be the Economic Stabilizer, but OPA is still the economic "staller."

Theoretically, price control should be useful as a brake to slow down inflationary price increases; instead it is used to break the industry that would produce the production that would cure the inflation in price. The big red letters OPA mean only Opposition to Producing Anything. OPA discourages production in everything except inflationary subsidies, shortages, exorbitant black market prices, and dishonesty. Industry loathes and dreads subsidies; and, as the gentleman from Nebraska [Mr. BUFFETT] has pointed out, they did not get an hour of chance before the committee to protest against subsidies. Men in the housing industry know that if OPA can maneuver them into a position where they will have subsidies, subsidies will mean all the difference between a profit and bankruptcy, and they will be completely enslaved by Government, as businessmen in Nazi Germany were enslaved.

Because of its price-control provisions this bill is certain to discourage housing. OPA has no right to claim any credit whatever for the building of 50,000 airplanes during the war. Mr. Patterson, of the War Department, successfully resisted the vigorous effort of OPA to move in on war production and put its clammy hands on the throat of war production. Instead, thanks to the admirable efforts

of the War Department's Mr. Patterson, industry was given whatever money it asked to do the job limited only by renegotiation of contracts and the excess-profits taxes. The experience with airplanes shows that if you will only give industry a fighting chance they will give you the volume of houses you want and at a decreasing cost. After the first period in which prices go up you can get plenty of housing at decreasing cost if only you have the courage and stand up and defeat the Patman-Wyatt housing program.

The SPEAKER pro tempore. The time of the gentlewoman from Illinois has expired.

Mr. SABATH. Mr. Speaker, I yield to the gentleman from Pennsylvania [Mr. KELLEY].

Mr. KELLEY of Pennsylvania. Mr. Speaker, sharp condemnation has been voiced by Albert J. Fitzgerald, general president of the United Electrical, Radio, and Machine Workers of America, UECIO, of C. E. Wilson, president of the General Electric Co., "for giving misinformation concerning wages paid General Electric employees to President Truman and the public yesterday in an effort to force a change in the administration's present price policy."

Mr. Fitzgerald stated that the General Electric president recently "presented inaccurate information concerning wages paid 200,000 electrical workers now on strike against GE, Westinghouse, and General Motors, electrical division, for \$2-a-day wage increases."

Contrary to Mr. Wilson's statements—

Mr. Fitzgerald stated—

GE employees, for example, have already lost since VJ-day the greater part of the 15½-cent wage increase received during the past 7 years, while the cost of living, by the most conservative estimate, has increased 33 percent.

RCA, Ford, and Chrysler corporations have given substantial wage increases to their employees under the present price policy of the national administration—

Mr. Fitzgerald said.

The three corporations against whom UECIO workers are on strike must do the same. General Electric, Westinghouse, General Motors, by virtue of their vast profits and tremendous reserves, are better able to grant the wage demands of their employees than even RCA, Ford, or Chrysler.

The only reason why these companies refuse to reach a settlement with their employees under the administration's wage policy—

The union head stated—

is because they know that profits made in the current year will clearly show that a further price increase for refrigerators, washing machines, radios, and other electrical appliances is completely unwarranted.

General Electric and Westinghouse have a combined wartime profit of \$424,000,000, with reserves at a current figure of \$393,000,000—

Mr. Fitzgerald said.

These companies can easily afford to meet the union's wage demand under the administration's present price policy.

GE, Westinghouse, and GM employees are on strike because they cannot live on the wages paid them by these immensely wealthy companies. The only means of settling the current strike is by paying a living wage, bar-

gaining in good faith, and abiding by Government provisions regulating price levels.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 3 minutes to the gentleman from Oklahoma [Mr. RIZLEY].

Mr. RIZLEY. Mr. Speaker, some of us who sometimes listen to Fred Allen's program will remember that the Senator who immediately preceded Senator Claghorn always had the answer to every public question of the day when Fred propounded it. His answer was, "I have introduced a bill."

Mr. Speaker, all of us realize the acute situation which exists with reference to housing, and I commend the committee for trying to do something, but, as has been suggested here, you are not going to build houses by legislation. It requires brick and mortar, lumber and nails. We have plenty of builders, plenty of carpenters, plenty of everything except building materials, and if the committee can convince me that by setting up a new agency we can get building materials, certainly I will support the bill.

Mr. Speaker, I take this time to talk about another racket. The House has passed a bill which is smoldering over in the Judiciary Committee of the other body, the so-called Hobbs bill, and while that bill still smolders over there this teamster racketeering still goes on. Up in Connecticut last week by force and violence they closed two dairies.

I will not have time to read a very good article which appeared in the March issue of the Farm Journal, but I recommend it to your reading and I hope that if you have any influence over on the other side of the Capitol you will try to get the Hobbs bill out of that committee, get it passed, so that we can stop this racketeering.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. RIZLEY. I yield to the gentleman from Michigan.

Mr. CRAWFORD. The gentleman is a very smart lawyer, a man in whom I have great confidence. Has he seen anything in this bill now before us which convinces him it will bring forth more building materials?

Mr. RIZLEY. Not a thing on earth. Everyone who pretends to know anything about the building difficulties, everyone who has anything to do with building materials anywhere, practically everyone who has testified about the subject states that materials is the bottleneck.

Mr. BARRY. Mr. Speaker, will the gentleman yield?

Mr. RIZLEY. I yield to the gentleman from New York.

Mr. BARRY. I want to remind the gentleman that before the war, when there was a lull in building and a great shortage, we stimulated building by passing the FHA Act, and hundreds of thousands of homes were built as a result of it. During the war we also stimulated building in the emergency through the National Housing Act. Is that consistent with the gentleman's present statement?

Mr. RIZLEY. The trouble about that is that we have reached a place where the lack of finances, as was the case when FHA was thought necessary, no

longer exists. Mass construction as we had under national housing is no longer possible; we do not have the materials. OPA bottlenecks are preventing production and now you want to set up another agency.

Under leave granted to revise and extend my remarks, I desire to call attention to an article appearing in the Farm Journal, March edition, page 132. The article speaks for itself.

Notwithstanding the situation described in this article, the Hobbs anti-racketeering bill, which has been passed by the House on two different occasions, still sleeps, so I am advised, in the Senate Judiciary Committee, and the racketeering continues.

The article follows:

Does the teamsters' union own the milk business and the public highway as well?

Farmers and everyone else around New Canaan, Conn., have been asking this question since a crowd of teamsters' union pickets invaded their countryside, beat up a young war veteran, overturned another man's car, slashed the tires on one woman's car, terrified several other women, and caused the permanent closing down of two locally owned dairies.

Because most farm products have to be trucked, at one point or another, agriculture has had trouble with the teamsters before. The situation is disturbing.

The experience of both dairies, Norman Bros. Dairy and Miller Bros., was pretty much the same. Let's see what happened at the Miller plant.

These brothers sold high-butterfat Jersey and Guernsey milk to special customers. The Millers were satisfied with their little business, and so were their patrons.

Then along came Teamsters Local 338. First it "organized" the Millers' eight drivers. Then it produced the standard metropolitan contract, and told the brothers to sign. There was no negotiating. It was just "take this and like it."

The brothers didn't like it. It would have prevented them from working in their own dairy (although the union decided later to allow them to do this). And, as they figured it, it would have forced up the pay roll more than 50 percent. So they didn't take it.

The union started picketing the little plant to keep the milk from getting out. But customers came to the plant. That was what made local 338 decide to take over the public highway.

One morning the Millers looked out of their window and saw 200 hard-faced men marching shoulder to shoulder in front of the plant.

A dairy supply salesman, who was absolutely no party to the dispute, tried to drive in on his own business. He and his car were turned over on the side of the road.

Customers who came to make their daily purchases were told to "keep moving." One woman refused to be cowed, because she wanted milk for her child. She got into the plant, but three of her tires were slashed.

Without a by your leave, the pickets took over a neighbor's field, built a bonfire on it, and used the field for other purposes as well. When the woman of the house came out to protest, they jeered and booed her.

Other tires were spiked with ice picks. Innocent citizens, men and women, were booed and threatened, until State troopers arrived. But the troopers left the pickets where they were.

The whole thing ended when the Millers decided to close up. It was a union "victory" and a dead business.

The SPEAKER pro tempore. The time of the gentleman from Oklahoma has expired.

Mr. ALLEN of Illinois. Mr. Speaker, I yield one-half of the remaining time on this side to the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Mr. Speaker, perhaps no district in the country has a more acute housing shortage than the one which I have the honor to represent. The proof of the pudding, however, is in its eating. I favor every realistic effort to provide homes for our returning veterans.

Yesterday, from Pontiac, Mich., I received a telephone call from Paul Kern, president of the real estate board of that city and a veterans' appraiser. A firm from Bay City, Mich., went down to Pontiac and built two prefabricated houses in order to determine whether or not it was possible to build houses fit to live in under the \$6,000 ceiling. Here are the figures of cost, and I think you will be interested in them.

The houses cost without basement and without the lot, \$6,444.99. If the cost of the basement is added the cost of the house is \$7,343.81. And the cost of the lot must be added to that figure. It is contended that a house fit to live in cannot be built for \$6,000.

In the report on this bill which the committee made I find the following language, which is rather disturbing to me, is found on page 5 of the report:

The committee did not include any limitations as to the maximum cost of new housing accommodations, but it is hoped that a substantial portion of the available materials and facilities will be allocated for homes selling for \$6,000 or less. Private enterprise must assume the leading role in this task.

They state that private enterprise must assume the leading role in this task. Private enterprise has already tried to build houses in my district within the limitations suggested, and find it cannot be done, much less provide a basement or the cost of the lot on which to build such houses. All admit scarcity of building material is the bottleneck in the production of homes. Release control under OPA or increase the price will aid production without paying enormous subsidies.

The SPEAKER pro tempore. The time of the gentleman from Michigan has expired.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. SMITH].

Mr. SMITH of Ohio. Mr. Speaker, we ought to go pretty carefully in our deliberations on this measure. I want to quote from section 703 of the Patman bill, H. R. 4761:

The Director is authorized to make such studies and investigations, to conduct such hearings, and to obtain such information as he deems necessary, or proper to assist him in formulating policies, issuing regulations, and performing any other functions under this title.

I placed the following construction upon that language:

It would give power to the housing czar to go into the books and files of every person, firm, or corporation engaged in the production, distribution, sales, or handling in any manner of any article that goes into the

construction of a home, including land and improvements.

I then asked Mr. Carl McGowan, associate general counsel, Office of War Mobilization, whether my interpretation of this language was correct, and he replied that it was.

The housing czar has the power of subpoena under this bill, so you can see what this would mean if it went through. This is a dictator bill, and was intended to be such. You recall that just a short time ago the country was shocked at the attempt the President made to force General Motors to open its books to his fact-finding committee. This would make legal that which shocked the Nation.

Mr. SABATH. Mr. Speaker, from time to time various Members use the word "dictator" or "bureaucrat" and so on, the same as the gentlewoman from Illinois, who is so desirous to place all the responsibility and burden on communism, yet at this time she is ready to admit and gives credit that the Communists want to build homes for the returning soldiers and for the masses. I am amazed that she gives them that much credit, because I know in whom she is interested, but I am not going to speak about that.

Mr. Speaker, I yield the remainder of my time to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks, and I also ask unanimous consent to revise and extend the remarks which I expect to make in Committee of the Whole House this afternoon and include certain tables, statements, editorials, and excerpts.

The SPEAKER. Is there objection to the request of the gentleman from Texas? There was no objection.

HIGH-PRESSURE LOBBYING

Mr. PATMAN. Mr. Speaker, the gentlewoman from Illinois made the statement that industry did not have an opportunity to be heard on this bill; that the opposition did not have the privilege of being heard. I want to correct that statement. Chairman Spence, of the Committee on Banking and Currency, heard every person and gave every person permission to testify who asked for that privilege. Everyone, not nearly all of them, but all of them, had the opportunity.

The Members, no doubt, received a copy of this little propaganda sheet. The title of it is "Headlines." It was gotten out by the National Association of Real Estate Boards. It is a message to all realtors. It says:

Action is needed. By the time you read this, your Congressman may be voting. There is no time to lose. The situation is critical.

It refers to this bill, which is President Truman's plan, the plan of the President of the United States, to build homes for returning war veterans. It is President Truman's plan. This circular states further:

That program has never had a public hearing. It has been railroaded onto the floor of the House in a way seldom seen in Washington. Industry and private citizens have never had a chance to testify on it or to

submit facts about the effect it will have. They should have that chance. If they are denied that right, then the bill should be killed. Voting on the bill has been deliberately shoved ahead several days so that the amendments could be railroaded through.

That is a sample of the greedy, vicious propaganda that is in circulation, and that is being used in order to deny war veterans an opportunity to obtain decent housing after being gone 3 or 4 years from the United States.

What are the facts? I have a copy of the printed hearings. You may secure a copy if you will ask a page to bring you one. After hearing Mr. Bowles and Mr. Snyder and Mr. Blandford, who was at that time head of the National Housing Agency, the fourth witness was a witness representing the building trades, representing, if you please, the National Association of Real Estate Boards, the very organization that got out this statement signed by Herb Nelson. On page 101 of the hearings you will find the testimony of the chairman of this Real Estate Board's committee, and Herbert Nelson was sitting by his side during his testimony and assisting him. The very man who is circulating this misleading and false propaganda. Turn to the testimony and see for yourself. It consumed an entire day. He was asked questions by a number of Members. He assumed a very patriotic attitude toward veterans of the war. "Yes; we want to give them preference; we will even put out people who are not in the service and put veterans in if you will write the bill that way." But under questioning he wanted all rent controls removed before he would do that; in other words, he was willing to be patriotic and to put other people out and put veterans in if he could double the rent on the veterans who went in. That is how patriotic they were. They wanted all controls, prices, and rents taken off.

During the 17 years I have had the honor of serving in this body I have never known so much false, misleading, deceitful, and greedy propaganda as has been put out against this bill. All in the world this bill does is give the returning veterans for 2 years an opportunity to acquire homes in a market where the homes are already filled. During the war for 4 years every war worker had an opportunity to buy a home at a reasonable price or rent one for a reasonable rental. Who gave them that opportunity? The Congress of the United States. We voted for it. We took care of the war workers. It was our duty to do it. Now returning veterans are coming back. They were not here to seek homes, they had no such opportunity during the 4 years of the war, and they are asking in this bill that we give them the same opportunity, not for 4 years but for 2 years only, to seek homes. Our Republican friends are trying to reduce that time to approximately 1 year.

Yes; materials are scarce. We do not have enough materials. We need more production. But the materials we have that can be used for residential housing units should be used for that purpose and not for the purpose of building road-houses, honky-tonks, domino halls, bowling alleys, and amusement places. Let

us channel these materials into the building of the greatest number of residential units for veterans of World War II.

Mr. SABATH. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 4761) to amend the National Housing Act by adding thereto a new title relating to the prevention of speculation and excessive profits in the sale of housing, and to insure the availability of real estate for housing purposes at fair and reasonable prices, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 4761, with Mr. COOPER in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. SPENCE. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, it has been said that we should consider this bill with care and deep concern. I agree. We all know, and I come with no statistics, that there is an acute housing shortage. It came about because for 4 years we were the arsenal of democracy. Instead of manufacturing and building things that our people needed, such as consumers' goods and houses, we were building ships and tanks and guns and planes to preserve not only our liberty but the liberty of liberty-loving peoples all over the world. Not only did we do that during the war, but even before we went into the war through lend-lease we kept our allies supplied with material. As a result, victory came to our arms. There is a shortage in housing, but the shortage came about through no fault of the administration. It resulted from the fact that we led the world in the defense of liberty. Everybody knows that. Now, what are we going to do? We must take some action to produce houses for our people. There are some who complain of bureaucracy. There is no self-executing law. Call it what you may, we must have people to execute the laws. Otherwise, they would not be executed. Out of that, it is true, grows bureaucracy. Men complain because they are restrained in their liberties. They complain that they are controlled and regimented. It is true that to a certain extent that happens. But the liberties of our people must bend a little for the common good. Everybody knows that during the war we were subjected to restraints which were beneficial for us in the long run and in which we were willing to acquiesce because of the ultimate good to be gained. That is what is happening in this case. We must subject ourselves to some of these impositions in order that those who are unable to protect themselves may have a little more liberty and more opportunity to enjoy themselves and that they may have the homes which they so desperately desire.

Now, what will happen if we have no regimentation, if we have no restrictions of this kind? There is a shortage of building material. There is no doubt about that. Everybody knows it. Where is that building material going unless there is allocation and priorities? It is going to the field which will produce the greatest profit. It is going to the amusement field. They will build theaters, bowling alleys, roadhouses, night clubs, and other things where the profits will be greater. There is no profit in a home. Therefore, unless we do allocate this material to those who need it for home building, it will not go there. That seems to me to be a simple problem. And unless we do it, a catastrophe is going to come to the American people that is indescribable. It is not only the homes we want, but the home is necessary for the job. A man cannot hold a position unless he has a home in which to live. Not only is that true, but the home is the very basis of our liberties, the very basis of the strength of America. When we give people homes, we not only give them shelter but we give them a greater interest in the community. We give them greater interest in their Government. A man who can put his foot on the land and say, "This belongs to me," feels a dignity that other men may not feel. The home has a tradition in the laws. Justice Coke long ago said:

A man's house is his castle. It may be built of rough boards, roofed with thatch, the winds may blow through it and the rains may enter it, but the king cannot.

The home still has that dignity in America. It is the patriotic and humanitarian duty on the part of Congress to try to furnish homes to the returning veterans. They have had no opportunity to provide themselves with homes. Ten million of our men and women have been away from their homes, and when they return this shortage is going to become greater and greater.

Is this bill necessary? No one has suggested anything superior to it. If we do not pass legislation such as this, we will pass no legislation. If we do not pass any legislation, there is no doubt about the result.

The ceiling that Mr. Wyatt wanted on existing homes was not an arbitrary ceiling, fixed by the Administrator. I would not be in favor of that. I think that would be a delegation of power that would be entirely unconstitutional. I think it would be taking a man's property without due process of law. That is not the ceiling he wanted put on existing homes. He wanted to put a ceiling on the existing home that would prevent a spiral of inflation. He wanted a man who owned a home to put that ceiling on it in the open market, the highest price he could get would be the price that would be fixed upon that house.

I remember after the last war how men gambled in homes as they gambled on the stock market. I know men in my own community who started to build homes for themselves, and before they completed them they were offered prices that they could not refuse to take, and they sold the homes that were built for themselves.

The greatest possession of the people of America is their homes. There are 28,000,000 of them now. We did not want gambling to start on those homes. If you do not want the spiral of inflation, what other remedy have you? What can you suggest? To put a ceiling on existing homes is certainly a reasonable thing unless you want those homes to share in the spiral of inflation, where the people who really need them will never get them. Under the bill ceilings are at the discretion of the Administrator. I think there must be reasonable ceilings. It is not necessary to expend the same amount of money to build a habitable home in Mississippi that it would be in northern New York or in Montana or in some of the northern sections of our country. Necessarily it would cost more to protect against the rigors of the climate, to build in the northern sections than in the southern. That discretion is given to Mr. Wyatt. You have to give it to somebody. Is it arbitrary and dictatorial? Well, if it is, it is necessary.

You must remember there is a great emergency confronting our people, an emergency that is as great now as it was during the war. To meet those emergency conditions we must have emergency measures. This is an emergency measure.

Mr. JOHNSON of California. Mr. Chairman, will the gentleman yield for a question?

Mr. SPENCE. I yield.

Mr. JOHNSON of California. Are substantially all of the materials that go into a house, the lumber, cement, bricks, hardware, subject to ceilings now?

Mr. SPENCE. Yes; I believe they are, but they are not subject to allocations.

Mr. JOHNSON of California. Did the gentleman's committee go into the question of whether or not those ceilings are too low or too high? We hear it said they are so low they retard production.

Mr. SPENCE. Answering the gentleman's question I may say that those are entirely administrative functions. You have got to give discretion to someone to administer the law. These are purely administrative features of the law. The committee cannot go into every minutia of detail.

Mr. JOHNSON of California. I grant all that, but I want to find out whether those ceilings are so low that they retard production.

Mr. SPENCE. I believe in some cases probably the ceilings may be too high, in some cases too low.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. SPENCE. Mr. Chairman, I yield myself five additional minutes.

If you make the ceilings too high it means that those who ought to obtain the homes probably will not; if you make them too low you will not get the production that is required.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. BROWN of Georgia. Under the President's Executive order, which was based on the Second War Powers Act, they are allocating now 50 percent of the

physical building materials to soldiers. Is that right?

Mr. SPENCE. Yes; I believe it is 50 percent.

Mr. BROWN of Georgia. They can continue to do that under the Executive order based on title 3 of the Second War Powers Act. Is that right?

Mr. SPENCE. Yes; as I understand, that is what they are doing; and it was necessary. It will, of course, be advisable to divert some of this material to necessary industrial construction for the purpose of converting our industry to peacetime production, but the great part of it will have to go to home building if we are going to house the men and women who are coming home.

This is not only a housing problem but also it means a lot to the stability of our institutions. It is not only a question of the stability of housing but also of our institutions, one of the greatest of which is the American home. I believe we have got to see that this material is put into the channels where it will go into home building.

I believe some amendments will be offered to the bill. The committee has approved no amendments and has reported none. The bill was reported before Mr. Wyatt's plan was formulated and approved by the President. The provisions of the bill he wants. There are other things he believes he should have in order to make it effective. I am willing to trust him. I do not like arbitrary power any more than you do, but you have got to place it somewhere if you are going to carry out these policies that mean much to the American people.

Mr. Wyatt is not a man who would go into this thing without the deepest consideration. His past experience indicates that he is a man of capacity and judgment. He was a lawyer. He stood at the top of his profession. He became mayor of Louisville and was a good mayor of Louisville. Because of his past experience and because of the fact that he did administer that office with conspicuous ability the President selected him as Administrator of this great trust which is now reposed in him.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Iowa.

Mr. JENSEN. Does Mr. Wyatt know anything about the building industry? Has he ever had any experience in building homes?

Mr. SPENCE. I do not know.

Mr. JENSEN. It takes one with experience more than an attorney to build houses.

Mr. SPENCE. I do not think so. I do not think a man should have to be a practical builder to administer the broad duties of this bill.

Mr. JENSEN. Does not the gentleman think it would help?

Mr. SPENCE. No. I would want to know what his judgment and what his character and what his capacity to administer were and what has been his experience in governmental affairs. He might be a most excellent builder, and he may have no capacity to administer this bill. I do not think this is a builder's bill. It is a bill that is so broad that a man

ought to have a conception of the general purpose of the plans of the bill and I think Mr. Wyatt has that capacity.

Mr. JENSEN. According to the gentleman's idea, then, it would be all right to have a lumberjack operate on him, for instance?

Mr. SPENCE. I do not think that is a fair conclusion at all.

Mr. JENSEN. Why, it certainly is.

Mr. SPENCE. That is not a fair conclusion.

Mr. HARRIS. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Arkansas.

Mr. HARRIS. We all realize that the big trouble is the shortage of building material. Is there anything in this bill that will encourage or induce an increase in the production of building material?

Mr. SPENCE. Mr. Wyatt wants the authorization to use premium subsidies; that is, where there are high-cost producers in building materials, instead of raising the price line, he wants to encourage all to get into production by premium subsidies.

Mr. HARRIS. Is there anything in the bill that will authorize the bringing in of subsidies?

Mr. SPENCE. No; not in the bill as it is. It may be introduced as an amendment.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. SPENCE. Mr. Chairman, I yield myself two additional minutes.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Massachusetts.

Mrs. ROGERS of Massachusetts. What provision is there in the bill that would give the returning veterans a priority in the building of houses?

Mr. SPENCE. It gives the returning veteran a preference.

Mrs. ROGERS of Massachusetts. Is it a preference or a priority? It seems to me preference means very little, while priority is a very definite thing.

Mr. SPENCE. It would give him a preference in the bill and the administrator can give him a priority.

Mrs. ROGERS of Massachusetts. I have a bill which would provide for the sale of surplus Federal housing units to veterans. In that I found it necessary to use the word "priority" in order to insure that they would get a priority.

Mr. SPENCE. We have given them preference.

Mrs. ROGERS of Massachusetts. Would the gentleman be willing to change the word to "priority"?

Mr. SPENCE. I have no authority to change the bill.

Mrs. ROGERS of Massachusetts. I am going to offer an amendment to that effect.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from California.

Mr. VOORHIS of California. Are there powers in the bill that will prevent the building of nonessential structures at the present time in order to make it possible for those materials to be devoted to the building of houses?

Mr. SPENCE. Yes. The building materials will be under allocation and priority. The Administrator can channel these materials into the construction of buildings he thinks most essential to the American people.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Michigan.

Mr. CRAWFORD. I would like to have the distinguished chairman of the Committee on Banking and Currency make clear to the Members the following point: Someone over here has asked if the present bill before us carries subsidy payments, and I think the gentleman has replied that it does not.

Mr. SPENCE. It does not.

Mr. CRAWFORD. I believe the gentleman also stated that Mr. Wyatt would like to have the Congress approve subsidy premium payments in order to facilitate the production of these units?

Mr. SPENCE. That is the plan.

Mr. CRAWFORD. Is it not a fact that this bill was reported by our committee in the form now before this committee at noontime prior to the release of the Wyatt program by the President that evening?

Mr. SPENCE. I do not remember if it was the same day or not. It was reported prior to the release of the Wyatt program, yes.

Under leave to extend my remarks and include therein a letter from Hon. Wilson Wyatt, it is herewith inserted:

OFFICE OF WAR MOBILIZATION
AND RECONVERSION,

Washington, D. C., February 26, 1946.

Hon. BRENT SPENCE,

Chairman, House Banking and Currency
Committee, Old House Office Building,
Washington, D. C.

MY DEAR MR. CHAIRMAN: I am advised that H. R. 4761, the housing bill which has heretofore been reported by your committee, will be up for consideration on the floor of the House today and tomorrow. Because of the primary responsibility which rests upon me for the speedy and successful execution of the veterans' emergency housing program, the disposition to be made of this bill by the House of Representatives is of the greatest interest and concern to me.

I do not need to urge upon you the seriousness of the present housing crisis. I have made my feelings in that regard plain in connection with the announcement of the veterans' emergency housing program. I do want to point out that the fate of that program is inextricably interwoven with the fate of the legislative measures which are required to put it into effect. H. R. 4761 covers a vitally important segment of the necessary legislation. I should be greatly obliged if you would communicate to your colleagues in the Congress my earnest hope that this bill, with the revisions and additions discussed below, will be passed.

To make the final bill as useful a measure as it should be in carrying out the veterans' emergency housing program, it is of the highest importance that five changes be made in the bill as reported by your committee. I shall discuss them below in the order in which I understand they will arise during the reading of the bill for amendment.

1. Extension of the life of the act by six months: H. R. 4761, as originally introduced, provided for its expiration on December 31, 1947, or upon such earlier date as might be specified in a concurrent resolution of the Congress. The bill as reported by the committee has reduced this possible life by 6

months, namely, to June 30, 1947. Inasmuch as the veterans' emergency housing program has been worked out on a 2-year basis—the minimum period in which it is felt that effective action can be taken to alleviate the present housing crisis—it is important that this later date be restored.

2. Housing Expediter: H. R. 4761, as reported by the committee, sets up a new Office of Housing Stabilization, to be headed by a Director of Housing Stabilization. An amendment will be offered substituting for this provision the Office of Housing Expediter, with power in the President to designate an existing official to such office. As between these two alternatives, it is felt that it is better to write into statutory law the present office of Housing Expediter, including the power with which he has heretofore been vested by the President and the Director of the Office of War Mobilization and Reconstruction. The procedure proposed by the amendment is preferable to that contained in the bill as reported, for the reason that it is confusing from an administrative standpoint to have a third office created.

3. Price ceilings on existing homes and building lots: H. R. 4761, as originally introduced, contained certain provisions directed against speculative dealings in existing homes during the emergency period. The plan provided was that, in those areas where the sales prices of existing homes threaten to get completely out of hand, there could be imposed a system whereby the next sale after the passage of the act would set the limit (subject, of course, to such revisions upward as might be justified by improvements or structural changes over and above ordinary repair and maintenance) beyond which no subsequent sale during the emergency period could be made. It has become increasingly apparent that land sites suitable for the construction of houses are becoming subject to the same abuses and that a similar system should be applied to them.

This antispeculative provision was eliminated by the committee. Its restoration, with the inclusion of building sites, is essential if grave injustices are not to be done with respect to the abilities of veterans to purchase homes and building sites at fair prices. The system contemplated does not involve price-fixing in the ordinary sense, nor is any of the debate now raging about OPA pricing on other commodities at all relevant. The ceiling price will be determined solely—and automatically—by what the present owner can get in the open market on the next sale after the passage of the act. It merely prevents the buyer, or any subsequent buyer, from reselling during the emergency period at a higher price.

It is, to repeat, not price-fixing in the usual sense but rather a prohibition against unjust and unfair speculative dealings in homes during the emergency period. The present owner, and the man who buys a house to live in rather than to turn at a profit, cannot, in any real sense, be hurt by such a system. On the other hand, the man who buys a house solely for the purpose of reselling on the rising markets which now exist will have his normal freedom restricted.

The justification for this restriction is the unassailable one that this is no time to permit speculators to bid up the prices of houses and, by rapid turn-over during the next year and a half, to profit unconscionably at the expense of veterans who are seeking homes to shelter their families.

4. Premium payments: A basic item in the veterans' emergency housing program is the use of premium payments, whenever necessary, for the purpose of increasing the supply of conventional and new types of building materials. To provide legislative authorization for this key part of the program, an amendment will be proposed providing that such premium payments, in an amount not to exceed \$600,000,000, shall be made by the Reconstruction Finance Corporation in such

instances and upon such terms and conditions as the head of the housing program may determine. In determining when to employ such premium payments, the latter is directed to take into consideration the extent to which other methods would not be as effective in increasing the production of building materials or would be likely to result in enhanced sales or rental prices of the housing accommodations to be constructed with the use of such materials.

The immediate expansion of the production of building materials will, in the case of certain materials and certain producers, involve many temporary factors contributing to increased costs. All of these factors must be met in the emergency period if increased production is to be achieved. One way would be to give general price increases. Another would be to make premium payments to individual producers in relation to their increased production and to the extent that their costs have increased. General price increases would, obviously, be reflected in the sales and rental prices of finished housing accommodations. Premium payments would not. If homes are to be made available at prices which veterans can afford, the temporary increased costs of materials must not be permitted to show up in the price of the finished homes.

Premium payments will be directly related to increased production. If a producer fails to increase his output he will get no premium. This is not true of general price increases.

The premium payments contemplated by this amendment are designed for the producers of building materials and not for builders of homes of either conventional or prefabricated types. Inasmuch as the larger part of all building materials affected by this program will go into conventional homes, builders of this type will be the principal beneficiaries of the premium payments.

5. Title VI of the National Housing Act: During the war there was enacted, for the purpose of providing housing for purchase or rent by war workers, a more liberalized scheme of FHA mortgage insurance on new construction. There is general agreement that the continuance of this scheme of mortgage insurance during the emergency demand for housing by veterans would be most helpful in meeting current needs. Accordingly, an amendment will be proposed, adding to H. R. 4761 the mortgage insurance plan now contained in title VI of the National Housing Act, adapted for use in connection with the veterans' emergency housing program.

The enactment of H. R. 4761, with the foregoing amendments, will be a great stride in the direction of achieving the objectives of the veterans' emergency housing program. The realization of those objectives as fast as possible is something which, I am sure, is very close to the hearts of all citizens who see on all sides the desperate housing conditions with which our returning veterans are confronted. Each day's delay in getting the program under way means a loss of 3,000 homes.

Sincerely,

WILSON W. WYATT,
Housing Expediter.

The CHAIRMAN. The time of the gentleman from Kentucky has again expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, there should not be any question in anyone's mind but that there is an emergency in respect to housing. Why we have a shortage of housing is an academic question, and nothing can be gained, I presume, by calling attention to the fact that one of the reasons why we have a shortage of housing is because the material which would otherwise have

gone into the construction of homes has gone into the manufacture of weapons of war. It is quite generally recognized also that one of the reasons for the housing shortage today is because there are not available sufficient building materials to get the maximum construction in the home-building field. There is no shortage of money. There is no shortage of risk capital or investment capital. There is no shortage in the "know how." There is no shortage in the desire to build homes for our returning veterans and needy civilians. The bottleneck in housing is in the building-supply field. Of course, this Congress should cooperate, and I think intends to cooperate, to do everything it possibly can to get the maximum amount of production of building materials. If we succeed, or if the Expediter succeeds, or if industry itself, independently of Congress or the Expediter, succeeds in getting adequate supplies of building material, unless we put restrictions on the industry then we can be assured that gradually this emergency will be licked. It is estimated that we have immediate need for 2,700,000 homes. As evidence of the emergency, it is said also that even after we build these 2,700,000 homes we are going to have to build something like 600,000 homes a year for the next 10 years in the United States to satisfy all of our needs. So in the full realization of the need for doing something to encourage the production of building materials we must dispassionately, without demagoguery and without emotion, settle down to a clear understanding of these problems.

The gentleman from Texas introduced a housing bill last November 20. I do not think anyone on the committee took that bill seriously until the President sent down his message asking for the enactment of the bill, H. R. 4761. Previous to that he had appointed an expediter. The Patman bill was recognized, I think, by a majority of the committee at the time it was introduced, as unsound legislation, and because we did not think that the committee would be foolish enough to report out the Patman bill as it was written, and because of the opposition on both sides to the bill as introduced, I say, we did not take the matter seriously, but the President asked for the enactment of this legislation. Then we started having hearings in earnest. But the industry had been told that they should not take the Patman bill seriously, because I do not know of anyone on the committee except the gentleman from Texas who did take the bill seriously up to the time the President sent down his message.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Texas.

Mr. PATMAN. Who told the industry that?

Mr. WOLCOTT. I think the very action of the committee itself was a clear indication that it did not take the bill seriously.

Mr. PATMAN. We had 2 months of hearings starting December 3.

Mr. WOLCOTT. Up to the time the President sent his message down, there was an average of perhaps 6 or 7 mem-

bers of the 26 members of the committee present at the hearings.

I am not making anything of this, it is purely academic. It merely goes to show what a tremendous job the committee had before it in trying to make something out of the Patman bill even after the President's message came down.

We do not argue about whether the industry had sufficient time to develop its case or not. The industry was represented before the committee, and I think that the industry talked individually with probably most of the members of the committee, so that the industry's position is pretty well known.

Mr. Wyatt came down before the committee at our invitation before he had formulated a program, even before the Executive order was granted giving him broad powers to coordinate all the activities of Government in the building field, to get a maximum production of building materials. I think Mr. Wyatt refreshed us with his enthusiasm, his willingness to work late hours in trying to get a program together. I do not think Mr. Wyatt has been given all the cooperation that is essential to give an expediter in the formulation of a program and the development of a program, but I do think Mr. Wyatt was enthusiastic even if he perhaps was misguided in certain phases of his program.

Mr. Wyatt testified before the committee, Mr. Small testified, and Mr. Snyder testified, and then we went into executive session. But Mr. Wyatt had told us that in a few days he would have his program prepared and he wanted to come back before the committee after he had prepared his program and submit his program to the committee. Many of us thought Mr. Wyatt should have had the opportunity to come back with his formulated program and submit it to the committee, and we thought it was absolutely foolish of the committee to try to act on any housing bill which was designed to carry out a program without first knowing what that program was. But the committee met in executive session and reported out a bill. If you are interested in the trouble the committee had in respect to trying to harmonize the so-called Patman bill with that part of the program we had been informed about up to that time, all you will have to do is take a look at the bill and count the amendments which the committee offered and adopted.

The day on which we reported out the bill H. R. 4761, and we reported it out shortly after 12 o'clock, some of us were notified at 2 o'clock that Mr. Wyatt had his program formulated, and at 4 o'clock that afternoon the President announced Mr. Wyatt's program through the press. If we had delayed the reporting out of this bill until the next morning or a day or so anyway, as has been suggested, to give Mr. Wyatt an opportunity to present his program, we would not have all of this chaos and all of this hysteria in respect to this housing program. But that is academic: here is the bill. We have to do the best we can with it. As I see it, the issues in this discussion are going to resolve themselves into two questions. The first is: Shall we put ceilings on old homes and newly con-

structed homes and, second, shall we authorize Mr. Wyatt or some agency of the Government to pay subsidies to obtain the maximum amount of building materials? I think those are basically the issues in this legislation. I think we are all agreed, surely all of the committee are agreed, that Mr. Wyatt should have the authority to allocate materials and should give preference in the allocation of those materials to homes intended to be purchased by veterans of World War II. There cannot be very much controversy about that. I do not believe there is any controversy or at least there should not be any controversy about granting to Mr. Wyatt legislatively all of the powers which he now has under an Executive order, which powers were granted to him under the provisions of the War Powers Acts. Those powers are broad. Under those powers, Mr. Wyatt can today formulate plans and a program to increase the supply of housing materials. Under that Executive order and under the substitute which I propose to offer to this bill, Mr. Wyatt will be authorized not only to formulate plans and a program but to direct the effectuation of that program by other agencies of the Government. Now, what does that mean? It means that Mr. Wyatt can direct the OPA if in his judgment it should be done, to adjust the maximum price on building materials in order that a maximum amount of production of building materials may be obtained.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. VOORHIS of California. May I ask the gentleman whether the provision he is talking about is in subsection (b) of section 702? Is that where that power is given?

Mr. WOLCOTT. I might say in clarification of that, that I have introduced a bill, H. R. 5579, which is printed and is available and which I intend to offer as a substitute for the bill, H. R. 4761. That power is contained in section 701 (c) (2) on page 3 of H. R. 5579.

Mr. VOORHIS of California. Is that power not in the bill which is now before us?

Mr. WOLCOTT. No, the power to direct the other agencies of the Government to carry out his program is, in the bill which the committee reported out, in very vague language. He is authorized on page 3 of H. R. 4761 to issue directives on policy to those Federal departments, but he does not have the authority under that bill to direct the agency to carry out those policies as he has now under the directive of the President and would have under the substitute which I expect to offer.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from California.

Mr. HINSHAW. The gentleman recognizes, I hope, that in giving the Director the power to regulate the prices of building materials so that they may be made available, he at the same time gives the Director the power to do harm so far as concerns the production of one kind of building material in setting a price too low and at the same time to

encourage the production of other kinds of building material at a higher price.

Mr. WOLCOTT. That authority is going to continue until June 30, whether or not we like it. He has the authority to do it now and the only difference between his present authority and the authority contained in the substitute bill is that we legislate that authority separately and apart from the War Powers Act.

At the present time the War Powers Act is being used to allocate building materials. It is being used to allocate or control tin. It is being used with respect to the sugar program. It is being used in connection with copper, lead, and zinc. So we lift from the War Powers Act the authority which he now has to allocate these materials, add to it the power to direct the OPA and other agencies to carry out his directives, and legislate separate and apart from the War Powers Act. If you do not want the Expediter to have those powers now—now—then, of course, you should be giving consideration to the repeal of the War Powers Act, under which the President has the power today to direct the Expediter to do this job.

Mr. HANCOCK. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. HANCOCK. How long does the gentleman propose to let Mr. Wyatt have the power to establish priorities, allocations, and make rationing rules?

Mr. WOLCOTT. In the building supply field, until June 30, 1947.

Mr. HANCOCK. The gentleman knows that the Committee on the Judiciary is considering the extension of War Powers Act No. 2, now?

Mr. WOLCOTT. Yes.

Mr. HANCOCK. And that is one of the questions involved.

Mr. WOLCOTT. Yes.

Mr. HANCOCK. So you are assuming jurisdiction over that part of War Powers Act No. 2?

Mr. WOLCOTT. I assume so, but I hope the gentleman will not object to our assuming jurisdiction in order to get the job done, because we have deferred so much of the Wyatt program to other committees, if we had not kept that part of it we would not have any subject on which to do the job at all.

Mr. DONDERO. Mr. Chairman, will the gentleman yield to me?

Mr. WOLCOTT. I yield to the gentleman.

Mr. DONDERO. Was there any evidence before your committee which indicated that by placing controls on the production of material you were going to get more building material than you get now?

Mr. WOLCOTT. No.

Mr. DONDERO. Without the payment of subsidies?

Mr. WOLCOTT. No.

Mr. DONDERO. That is the bottleneck—the production of material for building homes.

Mr. WOLCOTT. I will discuss the subject of subsidies later on.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mrs. ROGERS of Massachusetts. I was wondering if the gentleman would be willing to use the word "priorities" everywhere in the bill? I notice he uses the word "preference" in the beginning of the bill, and in other places the word "priorities." There seem to be quite a difference between "preference" and "priorities."

Mr. WOLCOTT. In the first part of the bill is a declaration of policy, and in the provisions of the substitute priority is spelled out in simple, understandable language. It is a direct allocation to established priorities.

Mrs. ROGERS of Massachusetts. That is very definite, I know.

Mr. WOLCOTT. What the gentleman has reference to in the first part of the bill is merely a declaration of policy.

Mr. JENKINS. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. JENKINS. The gentleman may have discussed this proposition, but I wanted to know if he makes any provision for increased production.

Mr. WOLCOTT. Yes. The burden is on the Expediter to get the maximum amount of production in any way he sees fit. As I said, he can direct, at the present time under Executive order, and he can under the substitute, if it is adopted, the effectuation of any plan or proposal which he formulates. Of course, that includes directing the establishing of price ceilings on building material if he finds it necessary in order to get the necessary amount of production.

Mr. JENKINS. We have heard so much talk about the Patman bill and that what we are trying to do is to build houses. Everybody sings that same song, but I have always maintained that in order to build houses you have to produce the material with which to build them.

Mr. WOLCOTT. Yes; that is right.

Mr. JENKINS. If you set up a bill that has everything set out, how he can make his application, and so on, and where he can get the money, that is one thing, but if you do not do anything with reference to increasing production except to say that the Expediter shall do these things, why has not some expediter done it before this time?

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself 10 additional minutes.

There is not anything in the Wyatt proposals except ceilings and veterans' preferences that is not contained in existing authorizations.

Miss SUMNER of Illinois. Subsidies.

Mr. WOLCOTT. Just a moment. So it is academic as to why they have not done it, and, whether he exercises these powers judiciously or not is something over which we do not have any control. You cannot legislate common sense into the administration of any law.

Mr. JOHNSON of California. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. JOHNSON of California. I want to ask the gentleman right along that line about subdivision 2 of section (c) on page 3. In the building of these

houses frequently one particular thing is short, such as shingles, paint, or something like that. As I read this language that I think the gentleman wrote, if he found a bottleneck in any of those things and found that the ceiling was too low he could direct the OPA to raise the ceilings to get the production needed to cut the bottleneck.

Mr. WOLCOTT. Absolutely.

Mr. HARNES of Indiana. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. HARNES of Indiana. Can they not do that now without any additional legislation?

Mr. WOLCOTT. Yes; under OPA they could do it. The only new authority in the Wyatt program is ceilings on the finished homes and the authority to channel materials to homes for veterans.

Mr. JOHNSON of California. Mr. Chairman, will the gentleman yield for a further question?

Mr. WOLCOTT. I yield.

Mr. JOHNSON of California. But under this law this man can direct OPA to raise the ceilings.

Mr. WOLCOTT. That is right.

Mr. JOHNSON of California. And if they do not do it he can do it.

Mr. WOLCOTT. That is right, but he does not have this right under present law, but will get this authority if my substitute, H. R. 5579, is adopted.

I do not believe Mr. Wyatt has as yet gotten into a position where he has a persecution complex. I do not think he is in the same position that Mr. Leon Henderson was and Mr. Bowles seems to be now. They never seemed to think they were doing a good job unless they are being criticized or giving cause for criticism; and it is to be hoped that because Mr. Wyatt has responsibility for doing these things that he will not exercise the authority given to him under this bill in defiance—we will put it that way—of the OPA policies which have heretofore strangled our reconversion and production effort.

This question of ceilings is not in my substitute. Ceilings are not authorized in the substitute. The reason why ceilings are not authorized in my substitute is because you do not need ceilings. You do not need ceilings if the other powers are judiciously used to control the prices for these homes that are to be built.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. WOLCOTT. Mr. Chairman, I believe the Chair misunderstood me. I yielded myself 10 minutes. However, I now yield myself an additional 10 minutes.

The CHAIRMAN. The gentleman is recognized for 10 additional minutes.

Mr. WOLCOTT. At the present time the expediter can control the ceilings on building materials. At the present time the expediter can channel building materials into homes to cost not over a certain amount of money; and you can follow that priority, or preference, or whatever you want to call it, right through to the final transaction under which the GI or anyone else buys the home and closes the deal. There is, therefore, no necessity for holding that sword of Dam-

ocles over the head of the industry, because they have told me and they have told you that if a ceiling is placed with these constantly increasing costs they cannot estimate from one day to the next what their costs are going to be and they are not going to drive a nail; so your ceilings must be flexible, flexible enough to give industry the opportunity to lay out a program and complete that program.

We now come to the question of a ceiling on old homes that they are talking about. What does it amount to? It just so happens that many of us were in World War I—a little too old and too fat to get into World War II—and no one has more feeling than many of us for the veteran of World War II. We came back, got married, had children, established homes.

They have a perfect right to establish homes. Prices were sky high then. I remember the first civilian suit of clothes I bought in Detroit when I was discharged in 1919 cost me \$100. I could not afford to buy a home; I could not afford to buy many things I wanted to buy; but under the proposal of the gentleman from Texas the GI would take every dollar of inflation in the first purchase of the home. That is not doing him any service, no service at all. A house is built for \$6,000 and it is bid up to the point where he has to pay \$10,000 for it. He has \$4,000 of water in that house. It is not doing a GI any good to compel him to pay \$4,000 more than the house actually is worth. It is not doing him any good to burden him with a debt of \$70 to \$90 a month during the rest of the constructive years of his life. I dare say that 95 percent of the Members of this House who were in the First World War, when they came out, could not afford to pay \$70 to \$90 rent for a home, and no more can these GI's afford to obligate themselves for 25 years to the extent of \$70 to \$90 a month for homes. It is not doing them a service to put them in the position where they have to assume all of the inflation. That can be otherwise controlled.

In the Patman bill there is a very interesting proposal in section 705, page 11, which reads:

Whenever in the judgment of the director there is a shortage in the supply of any material or of any facilities suitable for the construction of housing accommodations, he may allocate—

And so forth. Do you want to give Mr. Wyatt or any other single individual the authority to allocate roads, streets, sewers, water lines, and electric lines? Of course you do not. I have stricken that out in the substitute which I propose to offer. I have stricken the word "facilities" out. No department or government should have that broad authority.

The gentleman from Texas [Mr. PATMAN] in his bill sets up a new bureau of Government. He creates the Office of Housing Stabilizer and authorizes the director of that housing stabilization bureau to employ, subject to the civil service laws, such persons as he deems necessary in order to carry out his functions and duties, and fixes their compensation. That is the establishment of a bureau.

Under my substitute I authorize the President to appoint an expediter, either within or independently of any existing agency of government. He has appointed an expediter already within an agency of the Government. His salary, therefore, is controlled by the laws and regulations incident to the salaries in that agency of the Government.

Under this program they ask for \$250,000,000 of so-called Lanham construction funds. We did not think we wanted to assume jurisdiction of the Lanham committee so we referred that part of the program to the Lanham committee. I understand the Lanham committee has acted on it favorably and that it will come out in due course.

Another part of the program provides for tax amortization. We thought that that was within the jurisdiction of the Committee on Ways and Means, so we did not trespass upon that committee's jurisdiction at all. We thought that that matter should be left to the Committee on Ways and Means.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Illinois.

Miss SUMNER of Illinois. I think the gentleman should tell the people whom "we" are.

Mr. WOLCOTT. The gentleman can speak for herself. When I say "we" now, I mean the committee. We did not want to assume the jurisdiction of the Committee on Ways and Means with respect to tax amortization, and we, the committee, did not want to trespass upon the jurisdiction of the Lanham committee with respect to Lanham construction. Neither do we of the Committee on Banking and Currency or we of the Committee of the Whole want to trespass upon the legislative prerogatives of the great Committee on Appropriations, or should not. So, in the matter of subsidies, which is not included in my substitute but which I understand will be offered as an amendment, there is no reference to subsidies. The reason is obvious if we remember what has gone on in this Congress in years gone by. They have always had the authority to pay subsidies since the enactment of the first Price Control Act. Section 2 (e) of the Price Control Act provides in part:

That whenever the Administrator determines that the maximum necessary production of any commodity is not being obtained or may not be obtained during the ensuing year he may, on behalf of the United States—

Then he goes on to say that he may sell at a loss or pay subsidies to obtain the maximum amount of production.

All he has to do to pay subsidies is to come to the Committee on Appropriations and get his appropriations. The Committee on Appropriations, I am sure, will refer it to this House, and we will decide whether subsidies shall be paid by OPA. The act goes on further to say that when the President defines a commodity as strategic or critical material, then that subsidy shall be paid by an RFC subsidiary corporation.

So all the President has ever had to do to give the RFC jurisdiction to pay subsidies was to put building materials on his list of critical and strategic ma-

terials, and building materials today, in the face of this emergency, are critical, and nobody could blame the President for doing that.

The only sticker to that is the so-called Taft amendment which was put on in 1944. That amendment provides as follows:

That after June 30, 1945, neither the Price Administrator nor the Reconstruction Finance Corporation nor any other Government corporation shall make any subsidy payment or buy any commodities for the purpose of selling them at a loss and thereby subsidize directly or indirectly the sale of commodities unless the money required for such subsidies or sale at a loss has been appropriated by the Congress for such purpose—

Let us stop there and see what happens. Down to that point it already becomes a Budget transaction. The Budget at any time within the last 2 years could have sent down to the Committee on Appropriations a supplemental budget asking for an appropriation to pay subsidies. You may say there is no authority for it. Let me read the final and perhaps controlling sentence:

and appropriations for such purpose are hereby authorized to be made.

That authorizes the payment of subsidies to obtain a maximum production of building materials. There is nothing clearer than that that you could possibly write into the law. So there is no reason why we should argue here in respect to this bill as to whether we should appropriate money to be paid as a subsidy any more than we should assume jurisdiction over Lanham construction, any more than we should assume jurisdiction over tax amortization. The question of subsidies is clearly one for the Budget Bureau and for the Committee on Appropriations.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Oklahoma.

Mr. MONRONEY. Will the gentleman advise the House whether or not he is in favor of the use of subsidies for the stimulation of the production of building materials at this time?

Mr. WOLCOTT. I would prefer a judicious increase in prices to obtain the maximum amount of production.

Mr. MONRONEY. Will the gentleman say whether or not he is in favor of using subsidies?

Mr. WOLCOTT. I do not think that is in this issue at all. Do not think for a minute that I am going to be sidetracked onto something that is absolutely irrelevant to the issues before us, because at this particular time subsidies are not before the Congress.

Mr. MONRONEY. The gentleman has talked for 5 minutes about subsidies.

Mr. WOLCOTT. There is no need for us to be contending with this very controversial subject of subsidies when authority is already contained in the law for the payment of them.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from New York.

Mr. BARRY. The gentleman stated that placing a ceiling on old homes, that is, after the first sale, after the bill is

passed will compel a GI to absorb the present inflationary price. Will the gentleman tell the House how the GI can escape absorbing that price now, under present law?

Mr. WOLCOTT. He cannot.

Mr. BARRY. What is the point the gentleman is making, then?

Mr. WOLCOTT. Under present law the GI when he sells that house can get what he paid for it plus his improvements. Under the amendment which I think probably will be offered he cannot, because there has always been a controversy in OPA rent control as to whether improvements are improvements or whether they constitute current maintenance. They have never made any clear distinction between what is current maintenance and what are improvements. So unless you do leave it as it is, then you are liable to put the GI in a position where, after paying this inflated price, he will not be able to sell it for that price plus what he spends on the house.

Mr. BARRY. Does the gentleman think the GI is going to buy a house, when he has no home, and then sell it again and continue inflation?

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Will the gentleman refer to the bottom of page 5 of the Patman bill? I wish to submit a question on the matter of the ceiling on old homes. Section 704 (a), lines 21 to 23, include the words, "the construction of which is completed after the effective date of this title."

Then, going to the top of page 6, I think the language "housing accommodations" is sufficiently wide to enable the Director to place ceilings on old homes. I raise that point so the gentleman can give us the benefit of his thought on that subject.

Mr. WOLCOTT. I would say that technically the gentleman is right, but I do not think in all fairness to the situation that it was the intent of the committee that it be interpreted in that manner.

Mr. CRAWFORD. I agree with the gentleman that it was not the intent of the committee that the Director be permitted to place ceilings on old homes.

Going now to page 10, lines 16 to 19, I think the language there again specifically authorizes the director to place ceilings on old homes.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself 5 additional minutes.

Mr. BARRY. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. BARRY. Mr. Chairman, the debate on this bill is to continue for today. If the gentleman continue yielding himself time, he can use all the time. I want to know whether or not there is a limit to this debate or whether all the time is to be consumed by the gentleman.

The CHAIRMAN. The gentleman is entitled to yield himself 1 hour, and he has not exceeded that time up to this

point. The gentleman can proceed for more than an hour only by unanimous consent.

Mr. WOLCOTT. I hope the Chair will call my attention to the fact if I do yield myself more than an hour, because it is not my intention to do so.

Mr. CRAWFORD. I think the gentleman is doing a good job, and he can certainly use my time if he wants to keep on. Now about lines 16 to 19 on page 10.

Mr. WOLCOTT. I think we have the same problem there. The answer to it all is that the Committee of the Whole should consider a clear bill and not try to get into the intricacies of the language difficulties which we know we had in the short time we were in executive session on the bill.

Mr. ROE of Maryland. Mr. Chairman, will the gentleman yield for a question?

Mr. WOLCOTT. I yield.

Mr. ROE of Maryland. Did the committee study whether the regulations of the OPA had affected our construction of houses seriously or not?

Mr. WOLCOTT. I think there was some discussion in connection with it. Of course, we are holding hearings now on the OPA bill and it is expected that the committee will go into the effect of the new wage price policy on production and the effect which prices have on production. We will take that up with the OPA bill.

Mr. ENGEL of Michigan. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. ENGEL of Michigan. Did I understand the gentleman to say there would be an amendment offered to place a ceiling on the first sale of the house?

Mr. WOLCOTT. According to the bill introduced by the gentleman from Texas, with reference to old construction, the first price for which the old construction sells after the enactment of the law becomes the ceiling price.

Mr. ENGEL of Michigan. Let us assume for the sake of argument that there are 40 houses in a block and 1 house is sold. Therefore, there is a ceiling on that house. But then there are 39 other houses without a ceiling on them which can be sold for anything that they want to sell them for. Is that right?

Mr. WOLCOTT. That is right.

One of the proposals made by Mr. Wyatt was for the continuation of title VI. I felt that that was needed so in the substitute I have inserted it. I thought it would be very helpful for several reasons. It makes it much easier for returning veterans to finance the construction and purchase of homes if title VI is reenacted and extended. Therefore, in the substitute which I intend to offer for this bill, I have reenacted title VI and made it possible to apply title VI to homes, the construction costs of which have increased since title VI was adopted originally. I will not try to review that matter but may I call to your attention, in that connection, that I believe it will be entirely satisfactory to you because although there are no ceilings on the construction costs, there are ceilings upon the amount which the FHA may insure, that is, 90 percent or \$5,400 or \$7,200, under the formulas. There is one thought you must keep in mind and

which we all ought to keep in mind when we consider setting ceilings on new construction. The FHA when they insure a title VI mortgage control the price at which that House is going to be sold. That is another reason why we should not put a ceiling on the price of new homes.

Mr. KEAN. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. KEAN. How much additional authority under title VI does the gentleman propose?

Mr. WOLCOTT. If the gentleman will refer to section 707 on page 8 of H. R. 5579, there it is set out that the authority is increased by a billion dollars, from \$2,800,000,000 to \$3,800,000,000. Of course, that is insurance authority and there is no appropriation involved.

Mr. SCRIVNER. Was there any discussion as to the constitutionality or lack thereof of a provision similar to that proposed by the gentleman from Texas or the gentleman's substitute?

Mr. WOLCOTT. No. However, I am inclined to think that the committee bill as reported, as well as my substitute, is constitutional under the decisions of the Supreme Court. That is why the bill starts out with the statement that the Congress declares that an emergency exists wherein there are insufficient facilities for housing large segments of the population, and so forth. I had definitely in mind making the language conform to the requirements of constitutionality as set forth in some of the decisions of the Supreme Court. They held even before the war that if the Congress declares an emergency exists that the Constitution may be flexed in certain particulars.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. JENNINGS. Very definitely, in my opinion, under the provisions of the so-called Patman bill, this man who is put in charge of housing in this country can put a ceiling price on old homes and hogtie a man who owns a house and keep him from selling it and perhaps making a profit that may be very insufficient.

Mr. WOLCOTT. We have not brought about any production increases by putting ceilings on anything. I do not think any of us who has ever gone along with price control has ever advocated that the putting of ceilings on any commodities would get maximum production.

Just the opposite is true, of course. So you are not going to get any new homes constructed by putting ceilings on them.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. SPENCE. Mr. Chairman, I yield 18 minutes to the gentleman from Georgia [Mr. Brown].

Mr. BROWN of Georgia. Mr. Chairman, I am supporting this bill as reported. I introduced an amendment to strike out subsidies, and it was passed. I introduced an amendment striking out ceilings on existing homes, and it was passed. The Patman bill, as it now appears here, was approved by the committee by a vote of 13 to 9. I find myself this afternoon defending this orphan

child. Those on my left have a substitute. My good friend, the author of the bill, has an amendment, as well as the chairman.

Now, I am asking you on both sides of this aisle to defend this orphan child, because it passed the committee by a vote of 13 to 9.

Now, what is in this bill? As a matter of fact, none of the agencies at first wanted anything except extending the powers under title III of the Second War Powers Act. That is about all there is in the Patman bill now, except that it places a ceiling on new homes. There cannot be any objection to that, because you have ceilings on the material. You are selecting some and giving them a preference. If they are given a preference they would not object to a ceiling on the particular home.

So the gentleman from Michigan [Mr. Wolcott], has gone a little too far, I think, on that, and that is about all we have in the Patman bill that does not exist in the Second War Powers Act. I think we should extend the power relative to buildings and materials, because that act will expire on the 30th of June next. Therefore, I think this bill will carry out the wishes of most of the Members of this House when they thoroughly understand it.

Now, you are talking about veterans. Yes, we want to help the veterans in every way we can, but we are doing it today under Executive order, based upon the Second War Powers Act. The President can allocate 50 percent of scarce building materials to the soldiers of our country, and I understand from the chairman that this is being done. He can give them a priority and can give them preference, which I am told is being done now, but when you help the soldiers of this country, let us not merely help them in words. Ninety percent of them do not have the money with which to buy a home. A great many of them in my section of the country will not be able to borrow the money from the banks. The banks will not loan them 50 percent to match the Government, because they are 25-year loans, and again because they will probably suffer some loss, and they are loaning the money that belongs not to them but to their depositors. So I think the FHA should be authorized and instructed to make practically all their loans to help the veterans in this emergency. Let us be realistic about it. That is about the only benefit they will get, because the FHA puts up 90 percent. Local people are not afraid of the FHA loan because it is local money, local labor, and for local construction, and we have suffered practically no loss from the homes heretofore built by the FHA.

Let us help the veterans build homes and allocate to them this scarce material. We cannot do more than that. Let us not get this building program too complicated.

On the question of subsidies, some Members are going to try to put subsidies back in the bill. We fought the subsidy proposal all through the hearings. And then they are going to try to place a ceiling on existing homes. I want to show you the fallacy of both.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield at that point of ceilings on old homes?

Mr. BROWN of Georgia. I am going to cover what I believe the gentleman has in mind; suppose he asks his question later.

I am not sure there is any further legislation needed to give the Housing Expediter all the powers he needs. We only have to extend present legislation under which he operates for a period necessary to meet his needs. When Mr. Wyatt was before the Banking and Currency Committee, I asked him if he needed any other powers than those he now had and he said that he did not need any further powers, but that what he was concerned about was that those powers would expire on June 30 next, unless renewed. Of course, it is a very simple matter to extend the legislation now on the books which is necessary in order to carry out this program.

There is no Member of this House who more fully appreciates the housing situation in many areas of this country or who appreciates more than I do the tragic plight of so many of our returning veterans. My position will not jeopardize the success of the emergency housing program but will, in my judgment, improve it. I doubt the necessity for implementing new legislation, which always takes time, and there will be no danger of inconsistencies developing between this legislation and that which we already have.

I do not mind accepting one amendment that will be offered to increase the lending authority of the FHA by \$1,000,000,000. That is a good thing to go in the bill for nobody is against it on either side. It is in the substitute. The amendment will be introduced by either the gentleman from Texas [Mr. PATMAN] or the Chairman; and when that is adopted you will help these veterans secure more homes through the FHA.

Mr. Chairman, a ceiling on existing homes will bring on more inflation by making the first sale the ceiling price. This will freeze future sales because the owner cannot obtain a larger amount for his property. It will force the first sale—which will be the ceiling price—higher than the market value for the purchaser knows that he cannot buy after the first sale. The owner who desires to sell—if you can find such an owner—will advertise his home for sale, and there will be not only one or two prospective buyers, but a flock of buyers, bidding against each other because they know they cannot buy the home after the first sale. The owner would probably obtain 25 or 30 percent more than he would in a free and orderly market. The owner would be in the position of a continued auctioneer, always selling to the nervous and excited bidders, never closing the deal until he is assured of two or three times more than the market value. The buying public in the mad rush is brought to the conclusion that this is the last opportunity to buy a home in the community of his choice.

Why should a man sell his home if he needs it? He knows he cannot buy another home. Do you know of a sale of an

existing home recently that brought more than it will cost now to construct that same house? If you go out and buy the material and pay the masons and carpenters to construct it, you will find out the real and present value of your house.

Let me ask this question: Should a man be required to take less than the replacement value of his home? If the house is destroyed by fire, the insurance company will pay him the replacement value for his loss.

Yes, existing homes are too high, far too high, but what made them too high? It is the advanced cost of material and labor, so the construction and ceiling on new homes will control the selling price on old homes; you can buy any house today, if for sale, for less money than you can build the same house.

How foolish it is, then, for a man to sell his home and turn around and place the same amount in a new home when he knows that he will have to pay income tax on the profit of the sale of his existing home. No benefit could result from ceiling on old homes. Why then would you want the additional expense of hundreds of thousands of men running around and checking up on 40,000,000 homes, the sacred castles of our citizens.

Suppose there was some small gain in the ceiling. Would it compensate for the expense of all these Government agents harassing and irritating all the home owners of America.

I know we have gotten away from free enterprise, and perhaps in many instances justified in an emergency, but I never thought that my Government and your Government would undertake to regulate and control the sacred homes of 40,000,000 people. Let us defeat or postpone this one regulation.

I am brought to the conclusion, and I think a correct one, that since existing homes are so high that ceiling on material and on new buildings will from now on control the price of existing homes, and then we will get rid of the expense of thousands of employees checking up on old homes and save the people in every home of America from being irritated and molested by such a policy.

Mr. CAMP. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Georgia. I yield to the gentleman from Georgia.

Mr. CAMP. In regard to this subject of subsidies, I notice in the morning edition of a local Washington newspaper, a newspaper that has been against subsidies all the time, that they now support subsidies. Is the trend, as the gentleman sees it and as the gentleman's committee sees it, coming back to these subsidies or not?

Mr. BROWN of Georgia. May I reply to my distinguished friend that the Washington newspapers are like the Washington weather. If you do not like what they say just wait for the next issue.

Mr. CAMP. What about subsidies? Does the gentleman find there is a demand for subsidies now?

Mr. BROWN of Georgia. There is not only no demand but you will not get a

sawmill owner or any producer of lumber to accept subsidies in this crisis.

Subsidies will not increase production of building materials. Who in the sawmill business, who engaged in the production of lumber or the manufacture of brick has asked for subsidies? These people will not take the handouts from the Government here in Washington. They desire to operate their own business with ceilings high enough for fair profit on their operations. You will not find one producer in the field of building materials who desires or has asked for subsidies. This new subsidy plan will postpone the production of building material. The owner of the timber will let trees grow larger and cut same in the years ahead, when the tax burden is not so heavy, unless he is permitted a fair price. Timber is quite different from other commodities in that the trees live and grow larger. The owners who are against the policy of subsidies, since the war is over, will take their profit in growing timber rather than to produce now without profit.

I do not recall a single witness at the hearing who was in favor of subsidies. Practically all of them were against that part of the original Patman bill.

My amendment to strike out the section of the Patman bill relative to subsidies received almost a unanimous vote. The proposed subsidy amendment is practically the same as was in the original Patman bill.

They call it a premium payment in this amendment, and it is different only in name. Why such a change all at once on the part of many members of the committee?

Subsidies will retard and delay a real solution of the housing problem. I can tell you now we must come back to free, competitive enterprise if you want more lumber.

The principal witnesses for the Government, Mr. Snyder and Mr. Wyatt, did not ask for subsidies. As a matter of fact, on page 430 of the hearings, the evidence shows that at that time Mr. Wyatt had not endorsed the policy of subsidies, and on page 428 Mr. Wyatt strongly intimated in this testimony that all he wanted was extension of existing powers of the Second War Powers Act.

The kind of subsidies proposed to be set up is a subsidy given to establish new plants, to equip plants which do not have sufficient equipment, and to pay bonuses to high-cost producers. How long do you think it would take to set up the machinery to do this? The simplest and quickest way to do it is to put the industry into production by permitting it to charge a price which will produce a fair profit. This can be done at once, and if it is done, in my judgment, production will immediately start, and will procure the much-needed materials.

Subsidies are not only expensive, but in the end are reflected in the taxpayers' pockets. To that extent the buyers of these houses will pay the subsidy twice over, while those who receive no benefit from such a program must also pay its costs.

The answer to inflation in real estate, as in every other commodity, is production. Production is a problem of materials and wages. This subsidy is supposed to encourage production. But the manufacturers do not want it. They want no such pork barrel from the Government. They fear—and rightly—that injustice and favoritism will result, putting many producers, particularly the small producer, entirely out of business. They fear—and again rightly—that regimentation and control will result. They fear the end of free private enterprise.

And will such subsidies bring down the cost of housing? Will not they rather tend to keep it up? Will not the effect be inflationary rather than otherwise? And what happens when the subsidies are stopped—as certainly they must some day be?

I ask you again to stand by me and vote for the Patman bill in its present form, the one that came from our committee by a vote of 13 to 9. I am standing by the committee bill and it has been a rule and a precedent for years and years that if you do not thoroughly understand a difficult bill you support the committee's action.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Georgia. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. In common with a good many members of the committee I am terrifically bothered about section 703 giving the power of subpoena. We refused to give that power in labor legislation and we refused to give it in other legislation, and I am wondering if the gentleman can give us any good reason why the power of subpoena should be incorporated in this bill.

Mr. BROWN of Georgia. Take, for instance, the sale of an old house. They can ask the fellow to bring in his records.

Mr. WHITTINGTON. Exactly so, and that is what I am wondering about.

Mr. BROWN of Georgia. I do not see anything very wrong with that. The thing you might object to is this broad power given to the Expediter. To be perfectly frank with you, while I am for this bill as it is, I would rather have the President have all of those powers than any other one man.

The CHAIRMAN. The time of the gentleman from Georgia has again expired.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BARRY].

Mr. BARRY. Mr. Chairman, as a member of the committee I am not certain just what this bill will accomplish, but I do know from my own personal experience that we face a very critical and dangerous situation today. We have in my part of the country, and I know in the districts of the gentleman from New York [Mr. GAMBLE] and others who live in the large metropolitan areas, hundreds of thousands of returned veterans who are living with their mothers-in-law or their brothers or their uncles or others. That is not a very happy situation. We also have those few houses that are available in my part of the country priced at \$10,000 and up. My own brother-in-law, who got out of

the service about 3 months ago, canvassed the entire Long Island area and finally was lucky enough to obtain a six-room house that cost him \$14,500. That is a condition and not a theory.

I say I do not know what this bill is going to accomplish because every builder in the greater New York area to whom I have spoken, and I have spoken to many, has told me that they cannot build a house under \$10,000, and that price is out of the range of 95 percent of our returning veterans. That is the problem we face today.

We in this House have paid out subsidies. We have paid them to the consumers, we have paid them to the processors, we have paid them to the farmers. Subsidies are not a new thing. To my mind, this situation is as dangerous as any situation we have ever faced in this Nation, because a dissatisfied group of three or four or five million veterans can certainly raise havoc with this Nation, and they will have a great tendency to drift toward the left if we do not meet their essential needs.

You talk about the OPA and the price ceilings. If we had placed price ceilings on the old homes years ago when we first started OPA these boys would not now be faced with an inflationary price such as exists today, 50, 60, 70, or 80 percent above the old cost-of-construction price.

Talking about the ceilings on old homes, very many people seem not to realize that this ceiling does not go on until after this bill is passed and until after the first sale is made, so that the ceiling, as the gentleman from Michigan [Mr. Wolcott] has pointed out, is bound to be an inflationary one.

I cannot help but recall about 20 years ago when I got out of college and went down to see what the land boom looked like in Florida. I remember the main road of the city of West Palm Beach and the main highway at Palm Beach. I saw that property in less than 8 months go from \$600 a front foot to \$2,500 a front foot. I saw houses that were priced at \$15,000, \$16,000, and \$17,000 when I first arrived there—and I stayed there for a year—go up to \$25,000, \$35,000, \$45,000, and \$75,000. I can see that the tendency today in many parts of the country is moving rapidly in that inflationary direction.

If the Patman amendment is too severe, I wish the House would take into consideration the so-called Monroney amendment, which provides in substance that a ceiling be established only on those houses where the purchaser does not live there for less than 6 months. If anyone is going to buy a house for residential purposes he will certainly live there more than 6 months. If he buys it for less than that time, the chances are, 99 times out of a hundred, that the house is being bought for speculative purposes.

I want to bring you back again to the people about whom we are mainly concerned, the millions and millions of young men who lost 3 or 4 years out of their lives fighting for us, and who have come back and now find no shelter for themselves and their wives and children. From my point of view, that is the most important purpose of this legislation.

Every argument that has been made here today has been more or less the same old arguments. We do not want bureaus. We are against bureaus. But we have had them during the war. We had to have them because of war created emergencies. This emergency which we have today, even though the war is over or the shooting is over, is still a war baby and it is our duty in the House of Representatives to treat it as such.

The CHAIRMAN. The time of the gentleman from New York has expired.

TRUMAN-WYATT HOUSING PROGRAM

Mr. SPENCE. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, I would like to discuss the merits of this bill. We are in a great emergency insofar as housing for veterans is concerned, just as much of an emergency as we experienced during the war when we needed housing for war workers near war plants in order to produce planes, tanks, ships, and guns. This Congress provided that housing that should be provided for war workers. It was our duty. They were performing a very essential part of the work in the winning of the war. We provided those homes. We made rules and regulations. We had regimentation—we were at war. That regimentation gave those war workers an opportunity to buy a home at reasonable prices. We made it possible by laws that we voted for. If they wanted to rent a home, they could rent one at a reasonable rent because of laws which we voted for. That was 4 years during the war. After VE-day and VJ-day we have seen 30,000 servicemen returning daily to our shores to be discharged. Many of them were married. During the war their wives and children were living with their in-laws and doubling up. One of the things the veteran was fighting for overseas was an opportunity to come back to a free country and live in a home of his own with his wife and children—only one family under one roof. When he comes back home, he sees all these homes filled and none for sale at a reasonable price and no homes for rent at a reasonable rental. Consequently, between two and three million veterans' families are doubled up today living with their kinfolks and their in-laws and friends. That is the best they can do. That is not always conducive to the best kind of home life. Since this Congress provided for the war workers during the war as they should have provided, is it not logical, reasonable, and right that when these veterans come back home after 4 years abroad, veterans who have not had an opportunity to buy a home while they were away fighting for our country, is it not logical, reasonable, and right that we consider this emergency so far as they are concerned as continuing until we can give them a reasonable opportunity to get a home? Why should we say we will take off all rules and all controls when the war is over? That is fine for the people who were here and who could get homes, but for the fellows who were not here and had no opportunity to get homes it is not giving them a square deal. This bill is for the purpose of giving a chance to those

boys who were away, not for 4 years as those of us who stayed here during the war—we had 4 years to get a home—we are not giving them 4 years after they get back, but we are expecting to give them 2 years—this year and next year.

President Truman recognized this as being a great national emergency. It is approaching, if it has not already become, a national scandal, a national disgrace. We could not help it. We were using all the materials in the war. The war suddenly ended. Men commenced to be demobilized quickly, by the millions. If we had foreseen it, probably we could not have done much more about it, but we can now do our best to correct it. That is what we are called upon now to do. So this bill recognizes that we do not have enough materials. We know that. We must have production, but it will cause more homes to be built, and I will tell you why.

Today, practically all building materials are going into the construction of buildings that we can do without. Why? Because the people who build those buildings can make more money out of construction of that type. It is perfectly natural and reasonable that they would do that. They built two theaters in one section of this city just recently, where enough materials were used to build homes for a hundred veterans' families.

Suppose this bill will not manufacture any more lumber or materials. It will certainly channel the materials that now exist, scarce as they are, away from non-essential building, like amusement houses, bowling alleys, race tracks, and non-essential buildings like that, where the contractors make the most money, into the construction of the largest number of residential housing units, giving preference to those boys who have been gone 4 years and who were not here and who had no opportunity to seek and obtain homes for themselves and their families.

Why should we shut off all these controls exactly at the time when they are coming back, and have the only opportunity they have had in 4 years to try to get a home? We do not like regimentation. We do not like any kind of controls. But why should we become so indignant at all controls, so determined to cut them all off, at the very time when it will hurt most the men who saved our country in time of war? How are we going to answer that when we go back home to our constituents? They will say: "Well, you provided these war workers with homes. You voted for that. You believed in regimentation and you believed in controls. But when we come back and we get married and we want a home, you say you are against all these controls, and you are against regimentation, and you stop it. You cut it off at the very time I have a chance to get a home for myself."

I think it is time we should consider that.

Mr. SMITH of Virginia. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. SMITH of Virginia. Would the gentleman tell the House why, with the present OPA rent control, rigid as it is,

we are placing into this bill another agency and another rent control?

Mr. PATMAN. This is an all-powerful agency. This is so serious that we feel we should have one person who has over-all power in housing. He is over the OPA in this, and should be.

Mr. SMITH of Virginia. In rents?

Mr. PATMAN. Yes, sir. Absolutely, in rents.

Mr. SMITH of Virginia. How will it work?

Mr. PATMAN. The FHA will enforce this. The OPA is not going to do it. The FHA is going to enforce it. The FHA has satisfactorily performed the duties it has had to perform. It will have charge of that part of the program, and we will use that agency. I know we will never have any controls that will be satisfactory to all people, but the point I make is: Why should you become so hard against controls, after giving them to everybody else for 4 years, giving them the benefit of controls, holding down prices, and enabling them to get homes at fair prices—why should we become so indignant right at the time these millions of veterans are returning, when they could get the benefits of that policy? That is what I cannot understand.

Mr. SMITH of Virginia. Would the gentleman tell us whether he proposes to continue the OPA rent control and this rent control also?

Mr. PATMAN. One does not touch the other, side, edge, or bottom. This only controls as to new construction. The rent control in OPA applies to everything.

Mr. KOPPLEMANN. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. KOPPLEMANN. In view of the tremendous cut that has been made in the appropriation for OPA, is it not now necessary more than ever that some agency be employed for the purpose of controlling rents?

CONGRESS INFLATIONARY

Mr. PATMAN. I am glad the gentleman mentioned that. If we have inflation this Congress will be responsible for it. The reason is that in the case of every law we have passed we have hamstrung the administration of it and have not given the administrator enough money to enforce it. We have cut the OPA to one enforcement officer for each county. There are 3,071 counties in the United States. The OPA recently asked for more money to do an enforcement job and the House came mighty near not giving it to them, and in the other body I understand they actually cut it in half. We have not cooperated with the executive branch of our Government. If we have inflation this Congress must bear the responsibility for it.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. WHITTINGTON. I agree with the gentleman that the building of places of amusement should be subordinated to the building of homes for veterans, but under the powers granted in this bill would not the director have power to exercise priority over highway construction and flood-control improvement cut-

ting down the very things that would protect the property and lives of people who buy houses that had already been constructed?

Mr. PATMAN. Possibly he would have that power, but not a directive to do it; and I would not vote for the bill if I were not willing to trust the one whom the President wanted to administer it. I am not going to say that the administrator would have the power to do or not to do certain things, for he is given tremendous power and he should have it because we are trying to meet a great emergency. But, listen: We are using the word "preference" in here, giving veterans preference and their immediate families. But Mr. Wyatt has already said that he is going to have an elastic hardship clause, he is going to take care of churches, schools, and any needed improvements where it will give work and where it will cause additional material to be manufactured. For instance, the gentleman, we will say, has a plant in his home town which needs materials to build an addition. When the addition is completed it would be able to manufacture building materials. Certain materials will be allocated for that purpose. They would be used for any needed purpose, but veterans are given preference to build moderate priced homes; and if you are going to give veterans preference why not give them preference?

Mr. WHITTINGTON. But he could change priorities that had already been granted to highway improvement projects and flood control projects, the very things that may be necessary in many areas so they can get these homes.

Mr. PATMAN. Oh, no. The gentleman need not be disturbed about that. Every needed improvement will be met once the preference to veterans in housing has been met. I do not believe Mr. Wyatt would cause veterans to live in a pasture for the lack of some improvement.

Mr. WHITTINGTON. That was not my question; we are not talking about veterans living in pastures.

Mr. PATMAN. I do not think the gentleman would expect that to be done. I gave that merely as an absurd illustration to quickly make my point.

Mr. WHITTINGTON. The gentleman is not answering my specific question. If he does not want to answer it, let me answer it.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. MONRONEY. Probably not over 2 percent of the veterans' preference material would be of the type used in flood control and highway construction, for most of that is heavy concrete and reinforced materials. They would not be used in building \$3,000 and \$4,000 homes.

Mr. WHITTINGTON. The gentleman has not attempted to answer my question, but the gentleman, with all due deference to him, is conducting himself like these czars that will have the right to fix priorities.

Mr. PATMAN. I am disappointed in the gentleman's not being willing to extend confidence to the man whom the President of the United States would

appoint in such a great emergency and for such a great purpose. I am willing to permit him to have any power he needs, but I do not believe he should have too much power. Even though it should prove to be more power than he needed I feel he would not use it like a czar.

Mr. WHITTINGTON. It is just a question of not giving him what he ought not to have; and he ought not to have it according to the gentleman's statement.

Mr. PATMAN. I am willing to give the President's appointee any power he should have, and I am willing to give the veterans preference over everything that is not absolutely needed until we have taken care of their needs.

Mr. GAMBLE. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. GAMBLE. He has that power now, has he not, under the President's directive and has not used it to take materials away from any other work.

Mr. PATMAN. The gentleman from Mississippi discusses an exception, not the general rule, just like the exportation of lumber. There are a lot of people here who would put a clause in this bill absolutely to forbid the exportation of lumber. What are the facts? The facts are that we import three times as much lumber as we export. The lumber that we export is chiefly for the construction of railroads and trestles, and things like that, heavy construction; and the lumber that we import is for housing construction. If you follow up the lumber that we exported last year you will find that a large part of that lumber went to the islands for the purpose of protecting sugarcane and the sugar crop in order to preserve it and bring it back here to the States. We need sugar. Are you going to prevent the exportation of a small amount of lumber in order to save the sugar crop out on one or more of these islands? Why, of course not. It would be absolutely ridiculous, it would be absolutely silly; so this question of the exportation of lumber means very little and we would be harmed so much that it should not be considered, like the case of the gentleman from Mississippi, as a general rule, but, rather, as an exception. We have presumed, and I will ask the gentleman from Mississippi to presume, that the right thing will be done by the expediter. If it is not, President Truman will remove the expediter.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. SPENCE. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. I do not want to trespass upon the gentleman's time, but it does strike me that the reasonable answer to my question is there should not be any conflict and that the heavy materials and equipment required for flood control and highways will not be necessary in the construction of these houses for veterans. I think that would

have been the reasonable answer to my question.

Mr. PATMAN. Let me agree with the gentleman that that is right, like the exportation of lumber elsewhere. We export big, heavy materials for construction and we import housing material.

What is the object of the bill? The first is we have an expediter. He is given lots of power. Next, we give him the power to allocate materials. That is obvious. We want these materials allocated to the making of the greatest number of homes possible, the greatest number of places that veterans can buy or rent for shelter.

Next, there is preference to the veterans. Next the prices on old homes. I want to explain that prices on old homes.

I agree with the gentleman from Michigan that whenever you fix a price by saying that the first ceiling of that property or home after the law is passed will become the ceiling price during the emergency, a lot of inflation will be in that price because some of them will get twice as much as their place is worth. But if we do not pass a law they will get it just the same and if we pass the law we will stop this spiralling inflation that we always have. After the last war a house sold for \$5,000, the next week it would be sold for \$6,000, the next week the agent came around and said, "I can get \$10,000." The same agent or same speculator would sell the same house a dozen times and make a profit every time.

Mr. Chairman, I can see why a speculator would be against this. The speculators do not want it. I do not say everybody is a speculator who does not want it, not at all, like my good friend, the gentleman from Georgia [Mr. BROWN]. He is as honest and sincere about it as he can be. He is not a speculator. He has a conviction along that line. But I cannot see why a home owner should object. He can sell his house for any price that he can get after the law is passed. However, I can see where a speculator will object. It will keep these speculators from selling that house every week, and every month, and making a big profit on it. It will stop this spiral of inflation that we had after the other war.

In this bill there is provision also for prices on new houses. It is not hide-bound, it does not put a builder in a strait-jacket, by any means. Mr. Wyatt will be as lenient as he can in his rules and regulations. He is not a bureaucrat in the sense that the word "bureaucrat" is commonly used here on the floor of the House and elsewhere on the street. He wants to get a good job done, he wants to do a good job, and he is not going to tie people up in red tape. He is going to cut red tape, he is going to break bottlenecks, and if we give him the power to do it he will build 2,700,000 houses during this year and next year, including prefabricated houses and trailers. But, Mr. Chairman, we have a duty to perform here. Mr. Wyatt cannot do this job alone, neither can President Truman, unless Congress cooperates. Congress is not cooperating unless it passes a law that will give the President and Mr.

Wyatt this power. Therefore, we can stymie the whole building program for veterans right here if we do not pass the right kind of a law.

After we have allocations, preferences, and prices on old homes and new homes, the gentleman from Oklahoma [Mr. MONROE] is going to offer an amendment for premium prices which he will explain to you. I think it should pass. It is a part of Mr. Wyatt's program. He says he cannot succeed without it, so let us give it to him. Let us not hold from him any power that he needs in order to build the maximum number of houses within the next 2 years. Let us give him all the power that he needs.

Mr. Chairman, I expect to offer an amendment providing for title VI. War houses were built under title VI. That is the best plan for mass production of homes. Title VI, I think, should be in this bill, and I expect to offer an amendment for that purpose. This is not governmental interference. This is governmental protection, that is all it is. We are not interfering with the veterans. We are protecting the veterans against ruinous inflation.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. CRAWFORD. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Michigan.

Mr. CRAWFORD. If I understood the gentleman correctly, he informed the gentleman from Virginia [Mr. SMITH] that the bill as here submitted by the committee gives the Administrator or Director or Expediter the power to override the rulings of OPA. Where in the bill can we find that item?

Mr. PATMAN. In connection with housing.

Mr. CRAWFORD. Where is that in the bill?

Mr. PATMAN. He has the right to issue directives and establish any policy that he wants to. It is in the bill.

Mr. CRAWFORD. I would like to have the gentleman point that out in the bill so we will have the language in the Record tonight.

Mr. PATMAN. It certainly is in there. I do not know where it is, but I know it is written in there.

Mr. CRAWFORD. That is a very important phase of this discussion.

Mr. PATMAN. All right. H. R. 4761, page 3, line 20, reads:

The Director shall formulate and develop a comprehensive national program to effectuate the purposes of this title. In order to carry out this program, the Director shall have the power to issue directives on policy to those Federal departments and agencies which have functions relating to or affecting housing.

Insofar as housing is concerned, he is the over-all expediter and administrator.

Mr. CRAWFORD. Then it is upon that language that the gentleman relies for the power of the expediter?

Mr. PATMAN. I think there is other language in here, too, but I just happened to remember that.

Mr. CRAWFORD. I want the gentleman to point that out. I understood the gentleman to say that this bill gives the expediter power to override the rulings of the OPA.

Mr. PATMAN. Does the gentleman want him to have that power?

Mr. CRAWFORD. The gentleman has made the statement, and I want him to show us where it is.

Mr. PATMAN. The gentleman yields me 2 minutes, which is insufficient.

Mr. CRAWFORD. The gentleman can put it in the extension of his remarks. That is all I am after.

Mr. PATMAN. All right.

I am inserting herewith a statement relative to lumber exports. It is as follows:

1946 LUMBER EXPORT ESTIMATES

(From the Civilian Production Administration)

To date, only requirements for the first quarter of 1946 have been agreed upon. Under export procedure, exporters submit their requests to the Office of International Trade of the Commerce Department. The OIT screens these requests, then submits them to the Civilian Production Administration for further study. The CPA considers the requests in the light of how much the export will hurt the domestic situation, and what types of lumber are included. Then CPA approves the licenses on that part it thinks should be estimated.

United States lumber production, exports and imports, 1935-45

(In thousand board feet)

Period	Production ¹	Exports		Imports		
		Total ²	Percent of production	Total ³	Percent of production	Percent from Canada
1935.....	21,832,833	1,301,384	5.97	438,017	.....	80.0
1936.....	27,626,440	1,272,147	4.61	662,354	.....	80.0
1937.....	29,003,953	1,413,852	4.88	686,629	.....	84.3
1938.....	23,413,497	947,641	4.05	529,116	.....	91.1
1939.....	28,581,705	1,050,093	3.67	707,172	.....	92.7
5-year total.....	130,458,428	5,985,117	4.59	3,023,198	2.32	86.0
Average prewar year.....	26,091,686	1,197,003	4.59	604,640	2.32	86.0
1940.....	31,159,126	850,046	2.72	724,257	.....	91.4
1941.....	36,537,628	572,608	1.59	1,349,999	.....	93.0
1942.....	36,332,248	357,488	.98	1,510,261	.....	95.2
1943.....	34,288,757	268,253	.78	839,194	.....	87.5
1944.....	32,553,901	325,577	1.00	977,994	.....	90.0
5-year total.....	170,871,661	2,373,972	1.39	5,401,795	3.16	92.0
Average war year.....	34,174,332	474,795	1.39	1,080,341	3.16	92.0
10 months, 1944.....	27,867,012	264,109	.95	817,504	2.93	88.7
10 months, 1945.....	24,030,975	310,330	1.29	851,729	3.54	90.3
Estimated, 1945.....	27,500,000	375,000,000	1.36	1,040,000,000	3.80	91.0

¹ Compiled by Lumber Branch, CPA.

² U. S. Bureau of Census.

³ Of this amount 66,692 was southern pine.

⁴ Of this amount 67,656 was southern pine.

NOTE.—Includes sawn timbers, boards, planks, scantlings, small hardwood, dimension and hardwood flooring.
Source: Civilian Production Administration, Lumber and Lumber Products Branch, Export-Import Section, Dec. 26, 1945.

PRESIDENT TRUMAN'S STATEMENT ON MR. WILSON WYATT'S HOUSING PROGRAM STATEMENT BY THE PRESIDENT (February 8, 1946)

When I called Mr. Wilson Wyatt to Washington, I gave him only one instruction: "to make no little plans."

For 5 weeks Mr. Wyatt has been hard at work preparing his plans in consultation with all Government agencies concerned and with the principal business, labor, and veterans' groups involved.

He has recommended a veterans' emergency housing program which is bold, vigorous and eminently practical. It has the complete and unqualified support of the administration. All agencies of the Government are directed to use every resource at their command to fulfill this program. The Budget

Director has of course been asked to review the Budget recommendations in the light of the new housing proposals.

I urge the Congress to enact promptly the legislation necessary to carry out the program.

I call upon every public-spirited organization to muster its forces behind the program. I ask each community leader, each citizen, to do his utmost to make the plans a reality in his community.

However, due to shipping difficulties, canceled shipments, the stringency of licensing, not all of that approved by CPA actually gets shipped.

For the first quarter of 1946, exporters submitted requests to the Office of International Trade to ship 1,070,000,000 feet of lumber abroad. Most of this was for railroad ties, construction, etc.

The OIT screened these requests down to 320,000,000 board-feet.

Finally the OIT recommended to the CPA that only 295,000,000 feet be shipped.

The CPA cut this total further and approved shipments totaling 225,000,000 feet.

Of this, export licenses were granted to cover only a total of 190,000,000 feet.

John Small, CPA Administrator, estimated that based on last year's experience, only about 150,000,000 feet actually would be shipped.

So that out of original requests of 1,070,000,000 board-feet, only 150,000,000 feet actually will be sent abroad.

Against this figure, imports during the first quarter are expected to total 250,000,000 board-feet, about 100,000,000 feet more than exports. I do not have exact percentages, but CPA says a far greater portion of the import lumber is suitable for construction of homes than that which we export.

Total United States lumber production during this period, the first quarter of 1946, is estimated at 6,250,000,000 feet.

Also figures on exports and imports of lumber for 10 years:

America today and to recommend and execute a plan of action. In the past 5 weeks I have met with more than 30 groups from industry, labor, veterans, and Government. I have listened closely to their recommendations, and I have examined the principal available data.

Two sobering and inescapable facts emerge from this study in bold relief:

First, there is an urgent need for some 3,000,000 moderately and low-priced homes and apartments during the next 2 years.

Second, we can meet this need only by bringing to bear the same daring, determination, and hard-hitting teamwork with which we tackled the emergency job of building the world's most powerful war machine 4 years ago.

When, in a recent radio message to the American people, you called for the immediate production of an unprecedented number of homes, I could not help but recall the goal of 50,000 aircraft which President Roosevelt set in the early days of the war. Though many people considered it impossible, that goal and others like it were achieved and passed.

We met in full our obligation to our men and women in uniform.

To meet our obligation to those same men and women in civilian life, we will need the same drive and ingenuity on the part of American business and American labor and the same Government stimulus and financial assistance that made possible the miracle of war production in that earlier emergency.

Our sights must be raised far above the present target of four or five hundred thousand homes in 1946.

I am therefore recommending that the following program of emergency measures be put into effect immediately:

1. Construction of 2,700,000 low and moderate cost homes must be started by the end of next year. The target for 1946: 1,200,000 homes started, of which 700,000 will be conventional houses; 250,000 permanent prefabricated houses, and houses assembled on-site from prefabricated parts and materials; and 250,000 temporary units. The target for 1947: 1,500,000 homes started, of which 800,000 will be conventional houses; 600,000 permanent prefabricated houses and houses assembled on-site from prefabricated parts and materials. (The previous all-time high was 937,000 homes in 1925; in 1945, only 240,000 homes were built.) Except for 200,000 units of temporary re-use war housing and 50,000 new trailers all of these will be permanent homes. On the assumption that the recommended legislation is authorized promptly the program should move into high gear by the end of the first quarter of 1946. Within 2 years from that time the urgent need figure of some 3,000,000 homes should be met under this program.

2. Preference for veterans and their families in the rental or purchase of these homes with appropriate provisions for nonveteran hardship cases.

3. Greatly expanded production of conventional and new type materials obtained by firm and timely use, where necessary, of: (a) premium payments for increased production; (b) guaranteed markets for materials manufacturers; (c) priorities and allocations of equipment and materials; (d) wage-price adjustments or price increases where they are necessary and not inflationary; (e) use of war plants and new facilities to increase present production capacity; (f) rapid tax amortization for plants which are newly built or converted to produce essential building materials; and (g) absorption by Government of undue risks in developmental work on new type materials.

4. Recruitment and training of 1,500,000 additional workers on-site and off-site by the middle of 1947. This means more than tripling the present labor force engaged in residential construction.

FEBRUARY 7, 1946.

THE VETERANS' EMERGENCY HOUSING PROGRAM A REPORT TO THE PRESIDENT FROM THE HOUSING EXPEDITER

DEAR MR. PRESIDENT: On January 2 I came to Washington at your request to study the critical housing shortage which confronts

5. Postponement of all deferrable and non-essential construction for the balance of 1946 to release needed materials and labor for veterans' homes and for essential and non-deferrable projects.

6. Rapid expansion of factory fabrication of materials and parts, as well as complete low-cost homes by making materials available and guaranteeing the market for the product.

7. Priorities and allocations to home builders for equipment and materials.

8. Federal cooperation and assistance where necessary in the development of home sites.

9. Channeling the largest part of materials into homes and rental housing, both farm and urban, selling for not more than \$6,000 or renting for not more than \$50 per month.

10. Curbing of inflation through more effective price control on building materials, ceilings on new and existing homes, and on building lots, and through the continuation of rent controls.

11. The early adoption of S. 1592, the Wagner-Ellender-Taft bill.

12. Insured mortgages on low-cost homes up to 90 percent of value and based on necessary current costs.

13. New temporary legislation to support the program, including \$250,000,000 for temporary re-use war housing.

14. Community participation paralleling Federal action through emergency housing committees in cities and towns throughout the country.

15. The Reconstruction Finance Corporation to play a major role in financing the program. In addition, authorization from Congress will be required immediately to provide \$600,000,000 for premium payments.

I believe that the success of a program of this magnitude will depend on several basic elements of policy which must influence every step that is taken.

Private enterprise must assume the leading role in this task as it did in the task of war production. And to that end the building industry and financial institutions must be relied upon as the mainstay of the production program. In addition, industry is entitled to a fair return for all-time record production of good materials and good homes at low prices.

Labor is entitled to a fair return for its share in the task. And that means higher wages in some contributing industries where workers have been historically low paid.

It will take a dynamic program to achieve this goal. Neither business as usual, labor as usual, building as usual, nor government as usual will suffice.

THE SIZE OF IMMEDIATE HOUSING NEEDS

The present housing emergency is the culmination of more than 10 peacetime years and 4 war years during which an inadequate number of new homes has been constructed.

In October 1945, 1,200,000 families were living doubled up with other families. At that time the situation was critical. It is rapidly becoming worse. The following table shows with shocking clarity that even without reducing the number of families which were doubled up October 1945 we would have to build approximately 3,000,000 new homes by the end of 1947 just to keep the situation from becoming worse:

Families living doubled up with other families in October 1945— at least	1,200,000
ADD	
Married veterans who will be needing homes by December 1946—	2,900,000
Nonveterans marrying who will be needing homes by December 1946	560,000
Total	3,460,000

SUBTRACT

Existing vacancies and new vacancies occurring during 1946 as the result of deaths and dissolutions of families..... 945,000

Additional families needing homes by end of 1946..... 2,515,000

Additional families needing homes by end of 1947 (1,110,000 new families less 430,000 vacancies occurring as the result of deaths and dissolutions of families).... 680,000

Total need by end of 1947—
with at least 1,200,000 families still doubled up.. 3,195,000

Our target is 2,700,000 homes and apartments started by the end of 1947.

Approximately 1,200,000 must be started in 1946. Of these, some 700,000 will be conventional houses; 250,000 permanent prefabricated homes and homes assembled on the building lot from prefabricated parts and materials; and 250,000 temporary units. (Two hundred thousand temporary re-use war housing and 50,000 trailers.)

Approximately 1,500,000 homes must be started in 1947. Some 900,000 of these will be conventional homes and 600,000 will be permanent prefabricated homes and homes assembled on-site from prefabricated parts and materials. No temporary units will be built under this program in 1947.

In my judgment we can hit this target. We must—unless we are to fall in our duty to the veterans. Without bold, emergency action I am convinced that only about four hundred to five hundred thousand new homes would be built in 1946.

It will take time, under any program, to produce materials and to build houses in quantity. Because the program will start slowly and will speed up as materials and manpower become available in greater quantity, each month's delay in getting under way in 1946 will mean a loss of about 75,000 units, a number equal to almost one-third of the 1945 production of homes.

During the past few weeks I have heard the fear expressed that gearing our building industry to meet the present emergency will result in an over-expanded industry. The facts contradict this far. The figure of some 3,000,000 homes needed by the end of 1947 does not take into account the more than 10,500,000 homes which are substandard and which must and can be replaced in a healthy, full production economy. Each year, in addition to the existing substandard dwellings, about 200,000 additional units drop into the substandard class or are destroyed. Approximately 400,000 net additional new families are created each year. These figures do not include farm homes or the temporary housing which was built during the war and which must be replaced.

THE PROBLEM OF MATERIALS

Increasing the flow of building materials is the essential first step in meeting the problem. Necessary restrictions through the war years have closed down many mills and factories; production in others has been severely curtailed. Inventories of all building materials have been sorely depleted.

These conditions mean that shortages of materials would be encountered even in building the 400,000 to 500,000 homes previously contemplated for 1946. The proposed Veterans' Emergency Housing program tremendously increases this problem.

For example, in 1945 residential construction consumed about \$400,000,000 of building materials. In 1946 this program will require \$2,000,000,000 of building materials, and in 1947 it will require \$3,250,000,000. This represents an eight-fold increase in requirements between last year and next year.

Requirements of all materials and supplies—lumber, brick, wall board, lath, cast-iron soil pipe, electrical, plumbing, and heating supplies, roofing materials, and others—far exceed foreseeable production unless emergency action is taken.

These materials deficits must be made up by greatly expanded production of conventional materials and by the use of new types of materials. The possibilities in this direction are significant. The use of metal window sash and framing instead of lumber has already been introduced. Composition and plastic materials are available for flooring to supplement scarce seasoned hardwoods. Pre-assembled unit bathrooms and kitchens can economize both material and manpower. Examples of this sort can be multiplied.

To achieve the necessary expansion, both of conventional and of new-type materials, three fundamental steps are called for:

1. All existing plants must be brought to capacity operation as speedily as possible.

2. Unused war plants and facilities must be converted for the production of new as well as conventional materials.

3. Beyond this, new capacity must be built to the degree necessary to meet the requirements of the program.

The additional cost and risk of expansion, whether through increases in output or additions to existing plants, conversion of old ones, or construction of new ones, must—when clearly necessary—be shared by the Government just as it was during the war. This requires more rapid than usual amortization of the plant for tax purposes; Government underwriting of sales of new-type materials at prices sufficient to cover developmental costs; adequate short- and long-term Government credit, where private capital is not available, and premium payments in selected cases for increased production of conventional and new-type materials, achieved over and above a carefully selected base period. Premium payments will also be necessary in cases where production costs rise due to the payment of overtime or the addition of another shift.

Such premium payments will bring production to a high level without increasing the cost of the completed house to the veteran.

The total national outlay for materials for the housing program will be about \$2,000,000,000 this year and about \$3,250,000,000 in 1947. Of the 2-year total of \$5,250,000,000, \$4,250,000,000 will probably be spent for conventional materials. While it is impossible at this time to determine accurately how much will be needed for premium payments, it is estimated that about 10 percent of the total national outlay for conventional materials or approximately \$400,000,000 may be required.

Premium payments from this fund will be made selectively. Increased production of some materials can be secured without such payments; for others a slight additional payment will be sufficient; in a limited number the premium will have to be substantial to secure the needed output.

In addition to premium payments for conventional materials we must recognize that proportionately greater risks will be encountered in production of new materials. One billion dollars' worth of new or substitute materials will be required. It is estimated that approximately 20 percent of the amount or \$200,000,000 will be required to encourage increased production.

THE PROBLEM OF MANPOWER

Serious manpower shortages will have to be overcome if we are to attain our goal of 2,700,000 dwelling units by the end of 1947. There are at present 650,000 workers employed (both off-site and on-site) in producing homes. To meet our goal, a peak of 1,150,000 workers will have to be on the job—1,150,000 actually constructing houses and

1,000,000 at work producing and distributing the materials going into home building. This means that by mid-1947 we must have more than triple the number of workers presently engaged in the industry.

Vigorous action will be needed to attract an additional 1,500,000 workers. Recruiting programs pointing up the long-term prospects of a revitalized industry will have to be started at once. Veterans should be given every inducement to participate. A large scale apprentice program should be undertaken promptly to produce the skills that are necessary.

Wherever wages in industries producing materials are abnormally low and stand in the way of recruiting the necessary manpower, wages will have to be raised. In specific cases where it is absolutely necessary, wage increases will be cared for by premium payments in order to stimulate maximum production.

CONSTRUCTION TO MEET THE NEEDS

No matter how successful we are in stepping up the supply of materials and in training and recruiting manpower, the most vigorous and imaginative measures will be required in the construction industry itself to build 2,700,000 homes in less than 2 years.

In 1946 we cannot escape the use of converted barracks and the movement and reuse of surplus temporary houses. These are not the kind of homes people like but in the present emergency they are acceptable. It should not be necessary to provide any more of them in 1947. They will be located on publicly owned land and will be torn down as soon as the increase in the supply of permanent homes makes their use unnecessary.

Both the construction industry and labor groups must gird themselves for far greater effort than ever before. The Nation expects maximum efficiency from both industry and labor to reduce housing costs. Our target of 1,500,000 homes to be started in 1947 is more than twice the production in 1941, when 715,000 units were built. And it far exceeds the record of 1925, the biggest home-building year in our history when 937,000 units were built.

In order to meet our goal, we must step up conventional construction. This will be facilitated by utilizing some of the improved techniques developed during the war emergency. Under pressure of war needs, some of the leading builders pioneered in mass production methods and on-site fabrication. As a result they were able to accelerate and increase construction and to reduce costs. We will need more widespread use of these mass production methods in conventional building. We will gain great advantages from the use of prefabricated parts for houses, such as complete bathroom and kitchen units, as well as new types of materials. The ingenuity of the industry should extend and improve these methods to meet the needs of this program.

A job of this magnitude is going to require the best efforts of the entire building industry including both large builders and small, both builders of apartment houses and large developments and builders of individual homes. Large scale production of materials will enable the big builders to go ahead rapidly with the larger housing developments. And at the same time, it will assure the small builder, both rural and urban, that he will get his share of materials.

While we must depend for the bulk of our homes on building by conventional methods, we will also need to stimulate a large program of factory fabrication of homes. Increased emphasis on factory fabrication is also important from the point of view of manpower since this method requires a smaller percentage of highly skilled workmen. Greater reliance can thus be placed on semi-skilled and unskilled manpower which can be quickly trained. This is essential since the magnitude of this program cannot be met even by the use of every skilled worker

who can be recruited or trained. Furthermore, it is expected that greater production of lower-priced homes may be achieved.

A factory prefabrication program lends itself to the use of surplus plants, as well as assuring the full utilization of the existing prefabrication industry. The program is also well adapted to the use of substitute materials.

This program for factory fabrication contemplates the development of permanent homes which will meet accepted standards.

In addition to a shortage of materials, a serious obstacle in the way of the production of 250,000 prefabricated units this year and 600,000 in 1947 is the industry's lack of distribution facilities. The fact that manufacturers do not have established sales outlets tends to keep production down.

Under these circumstances we must encourage private firms to go into this field and do the job, with the Government assuring them of a market for the houses they build. This can be accomplished by giving a Government purchase contract to producers who sell new-type houses through normal private channels of distribution. To qualify for such a purchase contract assuring full capacity operation, the producer should establish that:

1. He is prepared to produce a house which has been approved by the Government as meeting sound and tested standards of safety, durability, livability, and health.

2. The house will be sold in the lower-priced field at approximately \$3,500 for a one-bedroom house plus approximately \$500 for each additional bedroom (i. e. b. plant, including the necessary equipment, but excluding the cost of land and erection).

3. He had formulated an effective plan for distribution and erection which will be placed into operation to insure that houses will be put up promptly.

4. He can and will produce a specified number of houses for the 12 calendar months after the date of the Government purchase contract which assures him of a market.

Under the purchase contract, the Government will take delivery of the houses only when the producer is unable to market them within a reasonable period following their production. In that case, the Government will dispose of the homes for use in veterans' housing, in the same manner that it now disposes of surplus property of the Government. Some loss may result from this program, but the amount of that loss is expected to be relatively small in relation to the size of the program and to the benefits to be derived.

It should be recognized that conventional builders and construction workers will not only have to do their regular job of home building, but will also have to play a big part in the erection of factory fabricated houses. Thus, the building industry is assured of a leading role in the emergency job. In addition, we can create in a brief period a mass production building industry comparable in size, in opportunity for investment, and in employment with the automobile industry of the twenties.

LAND AND FACILITIES

The Veterans' Emergency Housing Program contemplates building a larger number of homes during the next 2 years than in any comparable period of our history.

As manpower and materials become available sufficient number of lots must be ready, so that veterans' housing may go forward without delay. The number of lots improved with sewer, water, and other facilities is far short of the requirements for the housing program. Vigorous action of all concerned will be required to overcome this shortage.

While it is clear that the central responsibility in this problem rests with the community, it may prove necessary for the Government to assist in providing facilities and in the development of sites.

POSTPONEMENT OF DEFERABLE AND NON-ESSENTIAL CONSTRUCTION

It will be impossible to achieve our housing goal for the year 1946 without diverting critical materials and manpower from deferrable and nonessential construction, both public and private. Only in this way can we secure an immediate expansion of essential residential construction. It will be a matter of months before we can effectively expand material capacity and recruit and train needed manpower. In the meantime, the deferral of the less essential projects provides the one immediately available source of manpower and materials. It is hoped that the materials and manpower shortage will ease sufficiently by the end of 1946 to permit the relaxation of restraints on nonresidential construction. The determination of what constitutes essential and nondeferable construction must be made in terms of well-defined standards and administered on a decentralized basis with the advice of local communities. Appeals from decisions made locally will be reviewed in Washington.

HOUSES WHICH VETERANS CAN AFFORD

Recent surveys conducted by the War Department at separation centers reveal that most veterans expect to be able to pay less than \$50 monthly for the rental or purchase of a home. A large proportion of these veterans plan to rent rather than purchase homes.

This makes it clear that while there are definite advantages in retaining the present price ceiling of \$10,000 (and rental ceiling of \$80) on new construction, the largest part of residential building materials must be channeled, through priorities and allocations, into homes selling for \$6,000 or less including land, or renting for not more than \$50 per month.

To provide moderately priced homes with a maximum of rental units, it is necessary for the Government to offer greater incentive for the building of such housing. This can be achieved by insuring mortgages on low-cost homes for builders to the extent of 90 percent of value. Furthermore, such mortgages must be based on necessary current costs of construction rather than on long-term economic value, and they should be amortized over a long period. These techniques were successfully followed during the war under title VI of the National Housing Act.

The Government can further reduce financing costs by lowering interest rates on insured mortgages and providing other aids to home purchasers.

A complete plan must also include aid for the expansion of the housing program for families of low income, with preference to veterans.

THE DANGER OF INFLATION

An inflationary spiral would be fatal to the housing program. By creating uncertainties it would impede production and lead to inventory hoarding and speculation. It would result in such high prices on homes as to put them completely out of reach of veterans' incomes.

Prices of building materials have already risen 35 to 40 percent above prewar levels. We cannot afford any further rise. Houses are being sold at prices in many cases far above even today's increased costs of replacement. Here again we cannot afford any further rise. Many who want to rent are forced instead to buy at inflated prices. An inflation of housing costs like that which followed the last war would inevitably put prices beyond the reach of millions of veterans and others and would prevent a sustained high level of construction activity.

To curb inflation, the Government must use its present powers to the full, including strict control over prices of materials, and the continuation of rent controls. Legislative authority is needed for ceiling prices on old and new housing and on building lots in urban areas.

COMMUNITY ACTION

No program of this magnitude can be directed from Washington alone. We are going to need the advice and active participation of courageous community leaders in cities and towns throughout the country.

During the past few weeks I have had several meetings with representative mayors and governors, many of whom already have well-developed programs of local action. Together we have mapped out uniform plans for further activity to tie in with the veterans' emergency housing program.

As a first step we agreed that local emergency housing committees should be formed wherever they do not already exist. These committees will be composed of representatives from local government, veterans, labor, builders, building materials producers, financing institutions, chambers of commerce, and other interested groups. The basic purpose of these committees will be to clear away obstacles which might impede the progress of the local housing program.

They will:

1. Undertake to assure first preference to veterans on existing houses offered for rent or for sale.
 2. Develop temporary home-sharing programs for veterans.
 3. Aid in securing the extension of emergency building codes and the modernization of existing codes.
 4. Encourage conversions to provide additional dwelling units.
 5. Speed up inspections and issuance of building permits by local authorities.
 6. Provide sites for Army and Navy barracks which can be demounted, transported, and converted at Federal expense.
 7. Discourage black market activity in building materials and in rents and support price ceilings.
 8. Assist in recruiting and training labor.
 9. Break local bottlenecks in building materials.
 10. Establish centralized information centers to refer veterans to available housing.
 11. Assist in arrangements for adequate transportation and services for new developments.
 12. Help prepare land and facilities to accommodate new dwellings.
- In many instances States will find it necessary to adopt legislation which will expedite the veterans' emergency housing program.

LEGISLATION REQUIRED

Existing laws do not provide sufficient authority to enable us to achieve the objectives of this program. The prompt passage of additional legislation is imperative.

We must have legislation promptly which will:

1. Provide funds for premium payments to secure increases in production of conventional and new types of building materials. Authorizations of \$600,000,000 are needed for the purpose.
2. Make funds available to the extent necessary to stimulate technical research into new construction methods and materials by private research groups and to absorb certain developmental costs involved in devising new materials or new methods.
3. Permit the rapid tax amortization of new plant facilities which produce new materials or manufactured homes.
4. Permit the construction of additional rental units and low-cost homes through insured mortgages up to 90 percent of value and recognizing the necessary current costs.
5. Extend to December 31, 1947, the authority for priorities and allocations.

In addition to these measures which are needed to increase and accelerate the construction of permanent housing, legislation is needed which will:

- (a) Provide 100,000 additional temporary housing units required to meet the most urgent needs for veterans' housing in cities and in colleges. This additional housing

should be provided through the reuse of surplus Army and Navy barracks and other temporary housing. The relocation and conversion of these structures to dwellings requires a minimum of new materials. An additional appropriation of \$250,000,000 is needed for this purpose.

(b) Stop inflation in the prices of homes through price control on housing and housing sites. While production is the long-range solution for inflation, we should protect the veteran against excessive prices if he buys a home now.

(c) Extend the necessary financing and other aids provided in S. 1592 (the Wagner-Elender-Taft bill), to make decent homes available for families of all incomes within their means. This would include the expansion of sound Government insurance of mortgage loans to encourage housing for families of moderate income and necessary aid for the expansion of the housing program for families of low income.

The permanent housing legislation recommended in your recent message on the State of the Union is essential to achieve emergency housing objectives, while at the same time it launches the comprehensive action required to meet our basic housing problem.

Mr. President, you asked me to prepare a bold and realistic plan to meet the pressing housing needs of our veterans.

This is that kind of plan. It is attainable. This is a plan to meet an emergency which has grown out of the war just as surely as did our need for 50,000 aircraft in 1942. I believe that Americans will face this task in the same spirit in which they faced the fighting part of the war. I believe that the veterans will get their homes.

WILSON W. WYATT,
Housing Expediter.

The Washington Post of February 24, 1946, contained an interesting editorial on subsidy retention. It is as follows:

SUBSIDY RETENTION

With extreme reluctance we are forced to support Mr. Bowles' appeal for an extension of food subsidies for another year. Last fall, when Secretary of Agriculture Anderson was looking forward to speedy elimination of all food subsidies, we rejoiced at the prospect. We pointed out at the time that extensive employment of food subsidies is incompatible with maintenance of a free economy and that controls over production and prices are indispensable accompaniments of a subsidized food program.

However, it was then believed that the pressure on food supplies and prices, following cessation of hostilities, would be greatly relieved, making it safe to abandon these wartime emergency production aids without inviting a sharp rise in prices and living costs. Unfortunately the optimistic forecasts of a few months ago have not been realized, as President Truman confessed in his Budget message. Instead of an anticipated decline in retail food prices, the pressure on price ceilings has increased. To remove subsidies that enable ceiling prices to be maintained without unduly squeezing the producer would necessitate advances in the prices of such essential foods as meats, butter, milk, bread, sugar, and other products. It is officially estimated that the food cost of living index would, as a result, increase by more than 8 percent.

Despite the strong objections in principle to continuance of subsidy payments, it is not feasible to dispense with them under present conditions. Rising labor costs of production have already made it necessary to liberalize pricing formulas and raise ceiling prices on numerous articles. It will be extremely difficult to hold the new price line even under reasonably favorable conditions. If a further sharp rise in living costs were to result from sudden wholesale abandonment of subsidies, we think Mr. Bowles is justified in concluding

that it would set off a new cycle of wage increase demands and wreck the control system.

It seems expedient, therefore, to delay action and gradually reduce food subsidies as inflationary pressures subside and production costs begin to decline. Delaying action of this sort is politically dangerous, because subsidies are like protective tariffs: people cling to them long after they have ceased to fulfill their purpose. But the subsidy program is, after all, an integral part of the food-control program. Hence we cannot risk discarding it, so long as the danger of inflation remains and the need for price control continues to be felt.

I am inserting herewith an editorial from the Washington (D. C.) Post of Friday, February 22, 1946:

"CEILINGS" ON HOMES

Much of the opposition to establishment of so-called ceiling prices on existing homes comes from a misunderstanding of what is intended. There was talk some months ago of trying to fix a ceiling for each house on the basis of its intrinsic value or a recent sales price if it changed hands. That idea was discarded because of the obvious impossibility of administering it satisfactorily. What is now proposed is an attempt not to fix ceiling prices on individual homes but merely to ban speculative resales.

Under the amendment which Representative PATMAN intends to offer to his housing bill when it reaches the floor of the House, no limit would be imposed on the price at which a home owner could dispose of his house on the first turn-over. Mr. PATMAN explained the other day, "anybody could sell his home at any price." Once a sale had been made, however, the price paid would become the ceiling price of the house in question. Speculators could not continue to boost the price of real estate by selling the same dwelling over and over again at higher prices each time.

This is not only a sensible arrangement but also an essential safeguard for the protection of returning veterans and others who must find shelter. It would not penalize the home owner. He would not be compelled to accept 1939 or 1941 values for his home. Any attempt to push values down to a predetermined level would merely discourage sales and leave returning veterans and other home seekers in a worse position than they occupy today. What is desired is a normal turn-over of real property without speculative boosting of prices to a level that would be conducive to a crash later on. That is precisely what the proposed ban on speculative resales would do. This provision was in the Patman bill when it went before the House Banking and Currency Committee. We suspect that the committee's action in eliminating it may have been influenced by misunderstanding or prejudice carrying over from previous unwise price ceiling proposals. In any event, we hope that the House and Senate will accept the ban on speculative resales as a happy substitute for unworkable price ceilings on homes.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. CRAWFORD. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. BRUMBAUGH].

Mr. BRUMBAUGH. Mr. Chairman, the need for immediate relief from the housing shortage is one of the most urgent problems confronting Congress and the American people. The plight of returning veterans in being unable to obtain suitable living quarters is a challenge to our Nation and borders upon ingratitude to the defenders of our flag. In short, it reveals us as being tardy in

recognizing an obligation that we cannot in good conscience refuse to meet with positive and effectual action.

However, I am opposed to the plan of granting subsidies to the housing industry because I am convinced that such procedure is unnecessary and economically unsound. We can avoid such indirect deficit financing if we meet the underlying cause for the housing shortage by removing the bottleneck of scarce building supplies through proper attention to the need for price-control relief in deserving cases. The private building industry is fully able to cope with the housing problem if given assistance by removing the shackles imposed upon it by OPA directives.

The payment of subsidies as a means of keeping prices down is nothing short of a mirage because the public eventually pays in the form of increased taxes as the total is added to our growing national debt. If subsidies were to aid the low-income groups and assist veterans, there would be logic in approving such a proposal. However, the proposed subsidy payments will benefit the entire populace, and even includes factories, office buildings, and residences of those considered to be in the upper strata of social life. Restore the normal flow of building materials and supplies and there will be no need to saddle the American taxpayer with the cost of a subsidy program that is impractical and unsound.

Furthermore, the subsidy program is designed to aid in the building of houses that from the standpoint of being sturdy and practical serious doubt is entertained. To aid in such "mushroom construction methods" will only contribute to future slum conditions and morally we will be guilty of short-changing our veteran population by sacrificing veterans on the altar of expediency. Our veterans when they build homes are entitled to the best possible houses of the sturdiest construction and their credit dollars should not be exchanged for a "House built upon the sands." From a purely administrative standpoint the task of allocating subsidy payments assumes monumental proportions and reveals the necessity of further extending the evils of bureaucracy to the housing field. It is not difficult to understand the delay and inefficiency that will result from attempting to administer the subsidy program which should be discarded for the more practical plan of affording regional price control relief in the various States based upon local conditions.

The granting of subsidies to the building trade would bring about mass production of prefabricated homes and would have a tendency to destroy the small business in practically all the local communities. When the present emergency program is terminated these communities would be left without any local building industry which would work a definite hardship because there would be no one to take care of repairs and the additional building that would be essential as the community's population increased.

In addition, to place ceiling prices on newly constructed homes instead of serving the purpose for which this bill was originally drafted it would simply mean

that most of these local builders would find it practically impossible to keep within a fixed ceiling unless they would use inferior material. Inasmuch as there is now a ceiling on every item used in the building of homes to place a further ceiling on building would mean that ceilings would have to be placed on wages and I am sure Congress would be opposed to such a measure.

I am in favor of utilizing existing public housing units as a means of temporary relief from the present situation as such buildings should be made available for occupation during the present emergency. However, the private building industry should not be hampered in its efforts to attain full production, because any encroachment in that particular field will prove detrimental to the thousands of skilled craftsmen who have spent years in learning their respective trades and upon whom we can depend to construct housing units that are sturdy and practical and which will stand as monuments to the genius of American labor.

Another important reason for removing current restrictions on the private building industry is the fact that the manufacturers of building materials and equipment, together with the skilled craftsmen who fashion these materials into practical and sturdy homes, represent an important segment in small business circles in America. Since small business concerns are the backbone of our industrial and commercial life, it is shocking to our national conscience to even meditate upon the adoption of any program that would stifle production and retard the normal expansion of such an important phase of our national economy.

Instead of an increase in the building of homes for veterans, if this law is enacted, a heavy burden will be placed on the local builders, which will mean fewer, rather than more, homes. I am of the opinion that these regulations will either place the building of homes in the hands of large industrialists on a mass-production basis or force the Federal Government to attempt to solve the housing problem by creating additional Government bureaus.

I have unbounded faith in the genius of American industry and labor because this twin combination startled the world by its concerted efforts in establishing production records during wartime that staggered the imagination and won world-wide acclaim. In peacetime private industry can meet the challenge if given an opportunity to do so, and it is our obligation to see that no hastily conceived legislative proposals are allowed to impede the building industry in its efforts to give account of its stewardship to the American people.

Mr. CRAWFORD. Mr. Chairman, I yield such time as he may desire to the gentleman from Nebraska [Mr. BUFFETT].

Mr. BUFFETT. Mr. Chairman, no oratory is necessary to emphasize the current need for housing.

The question is, "What can this House intelligently do to remove the barriers that are preventing large-scale home building for veterans?"

Everyone is in favor of temporarily channeling a large percentage of necessary building materials into homes selling under \$10,000. But some allowance must be made for both farm repairs and urban maintenance and additions to existing residential units. Beyond these items, it would seem that industrial, commercial, and public construction should be held to a minimum.

There is general agreement that veterans should have substantial priority in the purchase or rental of new residential units.

There is general agreement that the necessary channeling and priority powers shall be extended for a period beyond June 30, 1946.

Beyond these points are two important areas of dispute. One is over the proposal for fixing ceiling prices on existing houses. That radical move demonstrates the panicky state of mind of the inflation-spenders who now hope to evade inflation by outlawing its symptoms.

The other scheme is the demand for a vast outlay of subsidies, aggregating at the start \$600,000,000, for the alleged purpose of accelerating the production of building materials and housing.

Mr. Speaker, this housing emergency is not just a "war baby." The testimony before the committee indicated otherwise. OPA "too-little too-late" delays and bungling in the price fixing of building materials has multiplied the intensity of our house-building problem.

Let us take a quick look at how OPA has hamstrung the production of building materials. Last June 4, during the House hearings on the extension of OPA, Mr. Bowles made this flat statement: "We must in no event stand in the way of production." That was the promise. What was the performance?

In March 1945 the brick industry, with hundreds of plants closed, asked OPA for a price increase. It was six long months, to September, before a price increase was granted. The price increase was mostly passed along to labor, and in 2 months production was up 30 percent.

If the OPA had acted on this price request promptly, there would be no shortage in the supply of brick in the United States today. Measure that performance against Mr. Bowles' promise, "We must in no event stand in the way of production."

The clay sewer-pipe shortage represents another critical problem. Here again 6 months elapsed between the application for a price adjustment and the date OPA finally acted.

Enameled plumbing fixtures are short. Three months elapsed in this industry before a price adjustment was acted upon. In brass plumbing fixtures, it took OPA 4 months to act when the producers asked OPA for action.

In coal furnaces and air conditioning 5 months have elapsed since the application for price relief was made and still no action is reported, but Mr. Bowles says, "We must in no event stand in the way of production."

In millwork over 18 months were required to induce the OPA to permit adjustments in individual company prices.

In window screens, 5 months' delay occurred before price adjustments were made. A delay in any one item keeps a home from being completed.

In gypsum board, the first producer asked for relief in February 1945. Six months went by before this producer got a price adjustment. Nine months elapsed from February 1945, before a general adjustment was made.

Regarding lumber production, somebody will probably write a book, sooner or later, about the OPA-created bottlenecks and confusion in this industry. I will only take one example. The red cypress people asked for a price adjustment on May 30, 1944. On August 31, 1945, 15 long months later, they received a price adjustment representing partial relief.

Does this square with Mr. Bowles' promise, "We must in no event stand in the way of production"?

The lumber situation is highlighted by the fact that lumber was known to everyone, except the OPA, as the No. 1 problem in the building industry. Early in May 1945, WPB Chairman Krug, wrote the Lumber Industry Trade Association:

Lumber's availability may well be the deciding factor in the partial reconversion period following VE-day.

What did the OPA do then in this critical reconversion problem?

During the same month that Krug made this declaration, the OPA turned down a request of producers in a major lumber region for higher ceiling prices and in that connection OPA admitted:

Marginal production, accounting for approximately 25 percent of the total volume will not be on a profitable basis under existing ceiling prices.

Mr. Chairman, I could go on and on, but this brief factual data illustrates the real cause for the critical home-building shortage. The cause is the OPA. It has resulted from Mr. Bowles' refusal to keep his pledge to the Congress and the people, "We must in no event stand in the way of production." The promise was fine, the performance was failure.

Mr. Bowles and the OPA have stymied, hamstrung, and crippled the production of building materials. The blame should be placed squarely on the OPA where it belongs. The building industry should not be crucified by socialistic subsidies because of the deception and failure of a governmental agency—the OPA.

Mr. Chairman, the strategy of the six hundred million subsidy proponents should be brought into full view. By exploiting the veterans plight resulting from the OPA accelerated shortage of housing, the inflation-spenders expect to force the Members to vote for this six hundred million subsidy.

How? By creating the impression that a vote against the subsidy scheme is a vote against the veterans. The maneuver is very seductive. But it will not succeed, if the membership will appraise this situation realistically.

Here are the facts. American boys were sent all over the world to fight for our free economic system. Now, when they come home, they find their own Government attempting to take over the

housing industry because of an acute shortage caused by governmental controls and bureaucratic red tape.

American boys were sent abroad to fight for free enterprise. Then it should be given a chance to function upon their return. It will be a hollow victory for the veteran if he is provided a make-shift home at the cost of destroying the very system for which he was told he was fighting to preserve.

Some Members have said, "Well, I am against the subsidy socialization scheme, but I am afraid that if I vote 'No' the veterans will misunderstand my vote."

That alibi, Mr. Chairman, would be an insult to the intelligence of the veterans. If any Member of this House truly believes that the veterans are going to be confused so easily, that Member may get a rude awakening.

Let us review this picture. The OPA has bungled the pricing of building materials for over a year. A so-called housing bill is before Congress. When the bill gets on the floor, a \$600,000,000 blank check is asked for a bureau to take the building industry apart and see what makes it tick.

Will you tell your veterans that you shut your eyes and voted for a \$600,000,000 experimental subsidy scheme, which had received not one hour's discussion in the appropriate committee—a subsidy scheme on which the Members of Congress have no information except the glamorous verbal rainbows painted in a few minutes debate in the House?

Are you going to tell your veterans that you voted a six hundred million blank check to bureaucrats for a scheme on which the building industry had no hearing and no voice?

Are you going to tell your veterans that you favored the method of "lynch law" for a bureaucratic blitzkrieg to take over the housing industry?

Mr. Chairman, I have full confidence that the veterans of my district are competent enough to accurately appraise my vote against this subsidy scheme. I believe they will approve of a "No" vote on a six-hundred-million blank check to a politician turned house builder by Presidential edict. I believe the veterans of every district in America are fully competent to discover the fraud in this method of procedure.

Mr. Chairman, this subsidy is a brazen attempt by the inflation spenders to use the veterans as a shield in their drive for national socialism.

Mr. Chairman, as that is the purpose behind this six-hundred-million proposal, I hope that the veterans and the Congress will recognize it immediately. No one in America has as vital a stake in a balanced budget and an honest dollar as do the veterans. The future of the widow, orphan, and wounded, plus the opportunities of the GI bill, depend on restoring a balanced budget now.

This House should defeat this first large-scale attempt by the inflation spenders to exploit our honored veterans.

This House should insist that free enterprise have a fair chance to build houses.

This House should demonstrate to the veterans that we will protect the system

of full production by free men, for which 350,000 Americans died in this war.

To surrender or compromise that free system without even a trial or a hearing would be a shameful betrayal of every American who died in World War II.

Mr. CRAWFORD. Mr. Chairman, I yield such time as he may desire to the gentleman from Nebraska [Mr. CURTIS].

Mr. CURTIS. Mr. Chairman, this Patman housing bill is in reality a bill to prevent the building of houses.

If the Congress is going to pass any measure that is before it, it should take the Wolcott substitute. I propose to offer an amendment to the Wolcott substitute. It will be offered on page 4 of the Wolcott substitute, after line 16. We should insert a new subsection, which reads, as follows:

Subsection (5). To approve the price ceilings on lumber and other building materials, and no price ceilings heretofore or hereafter established by any other agency on lumber and other building materials, shall be effective until the same is approved in writing by the housing expediter.

The purpose of this amendment is to empower specifically the official who is responsible for the construction of homes with authority to control the price ceilings on the materials from which homes are made. In other words, it fixes responsibility. It is an amendment to prevent delays and hindrances by a divided authority.

Recently the Nation was faced with a price ceiling established on finished flooring which was below the price ceiling of the rough lumber from which it is made. The Office of Price Administration has made many ridiculous rulings of like character. All of these have prevented the building of homes for our veterans and others. Certainly, the individual responsible for the building of houses in America should have authority to overcome that obstacle.

Mr. CRAWFORD. Mr. Chairman, I yield such time as he may desire to the gentleman from Kansas [Mr. REES].

THE PROPOSED COMMITTEE AMENDMENTS WILL NOT SOLVE THE HOUSING PROBLEM

Mr. REES of Kansas. Mr. Chairman, it is obvious to every American that the present scarcity of living accommodations is a threat to normal peacetime adjustments. It is not necessary for me to describe the critical housing shortage, but I should like to discuss, briefly, whether this particular bill will solve the problem.

One of the purposes of this bill is to create a new agency—the Office of Housing Stabilization. This agency is to formulate a comprehensive housing program. Mr. Chairman, since there is in existence a National Housing Agency, why must we perpetuate emergency after emergency by the creation of a new emergency agency?

The principal purpose of the bill deals with the question of ceiling prices on new homes. From the standpoint of pure logic, the present Office of Price Administration is already vested with the power to set ceiling prices on new homes.

The bill also relates to priorities and allocations, all of which are vested in the Civilian Production Administration. It is doubtful whether these powers regard-

ing priorities and allocations of building material can be better administered by a new emergency agency in any different manner than by the present Civilian Production Administration.

Mr. Chairman, in analyzing this bill, it is difficult to see how it is going to solve the housing shortage. This legislation will not really provide one additional foot of lumber or put a single roof over the head of one veteran. I believe the way to provide for more houses for our veterans and for prospective home owners is for private enterprise to build more homes. Government agencies in existence have ample power and authority to allocate and channel scarce materials and equipment into the hands of builders and contractors and to otherwise deal with this critical problem.

We have Government agencies loan up to 80 or 90 percent of the cost of the homes for purchasers who find it necessary to borrow the money.

It occurs to me that Government agencies, instead of sponsoring additional emergency legislation, ought to bend their efforts and use their influence to increase production, thereby providing builders with materials at prices which the prospective home owner is able to pay.

If price ceilings are necessary as an emergency measure, that should not be used as an excuse to create a superagency in the housing field, which is already encumbered by Federal regulation and control. This bill, if passed in its present form, will make the housing industry more chaotic than it is today. We do not need an Office of Housing Stabilization to tell us that a housing shortage exists. We do need, very definitely, a settlement of wage disputes affecting the lumber and building trades industry and a proper enforcement of revised building codes and a channeling of all building materials into the home building field, with priority for veterans, and Government encouragement of full production of housing materials.

It is agreed that veterans want homes at moderate prices, costing between five and seven thousand dollars. I find nothing in this bill which will provide such housing accommodations for veterans. In fact, unless the Federal Government is going to subsidize the entire housing industry, I do not believe any legislation will substitute for 1 or 2 years of full all-out production of homes. As I have stated on the floor of the House, I find no substitute for all-out production to bring prices on all commodities within the reach of every citizen.

As I understand it an amendment to this bill is to be considered that will provide ceiling prices on used homes at prices to be set after the passage of this act. I can understand how ceiling prices may be placed on new homes because the cost factors are obtainable. It seems to me that it would be almost impossible to place ceiling prices on used homes. Such action might encourage black markets and enforcement would be a difficult problem. The more you think about it, the more complicated the problem becomes. Of course, ceiling prices on new homes, if that becomes necessary, will affect the housing market to such extent,

it would be unwise for the Government to dominate the transfer of every home in the country.

Consideration is being given to the payment of subsidies to manufacturers of building materials in order to induce the increase of finished homes. This again is inflationary and becomes doubly harmful because subsidies cannot be equitably distributed among the producers of building material.

I am in favor of and want to support any action that may be reasonably taken to stabilize the building industry and to provide for a maximum number of homes in the shortest period of time.

If it is deemed necessary to amend acts that have been passed by Congress, we might do that, but I do not believe that the creation of another agency with all the powers and authority provided in this legislation, would be the means of speeding up the building of homes in this country.

What this Government needs to do is to lend every assistance and every encouragement for the highest production of an abundance of building materials of all kinds so we can have more and more houses at the earliest possible date.

Mr. CRAWFORD. Mr. Chairman, I yield 15 minutes to the gentleman from California [Mr. HINSHAW].

Mr. HINSHAW. Mr. Chairman, I have never heard so much hokum, bunkum and baloney expressed on the subject of a bill since I have been in this Congress as I have heard this afternoon. There has been a greater display of ignorance on the part of Members of this House concerning home building than on nearly any other subject I have heard discussed so far. I think I can say that because I have attended the session this afternoon quite religiously and have listened to everything said.

I have built a few homes myself in the past and I think I know something about home building. I have sold homes and bought homes. I have not seen anyone yet or heard anyone yet this afternoon that has made a sound statement concerning that subject.

In the first place, what is a real-estate market? A real-estate-market price is set by a buyer who is willing and able to buy and a seller who is willing to sell, and they jointly agree upon a price and that is the market. What is the valuation of a piece of property? There are valuations based on use and there are valuations based on straight appraisal. The value of a piece of property at the time of its being appraised, is its reproduction cost less depreciation and obsolescence. That is all very simple. That is what the value of a piece of property is. It is current reproduction cost less depreciation and obsolescence. That is all it is, nothing else at all.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Has not that principle been recognized in our courts and in our procedure for 165 years?

Mr. HINSHAW. Absolutely. It has been recognized by every court in the Nation and by every intelligent buyer or seller of property.

Mr. RABIN. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from New York.

Mr. RABIN. Would the gentleman include the value of present availability also?

Mr. HINSHAW. No; that would come into the market price, but that would not be included in an appraisal. That would come into the market price as a question of availability, quite so. When there is an oversupply, then availability is a negative factor. Right now it is a positive factor in price.

Mr. CRAWFORD. Has not that principle also been recognized by the insurance companies in settling for fire losses and tornado losses?

Mr. HINSHAW. Of course, it is recognized by every insurance company. It is recognized by every lender, including the FHA, the NHA, and anybody else that has anything to do whatsoever with lending, selling, and construction.

Before I go further, the gentleman from Mississippi [Mr. WHITTINGTON] a moment ago asked the gentleman from Texas [Mr. PATMAN] whether or not this bill permitted any materials to be taken away from flood control and the building of highways, and so forth. I believe that he assured the gentleman that it did not. Is that correct?

Mr. WHITTINGTON. I am not quite certain from his answer. I do not know what it would do under the amendments I understand the gentleman intends to offer. From what I have heard, and the amendments have not been printed, priority would not be given for any flood control, river and harbor, or highway work.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Texas.

Mr. PATMAN. Veterans would be given preference. Does the gentleman favor the veterans' preference?

Mr. HINSHAW. That has nothing to do with it. Of course, I favor veterans' preference in home building, but the veterans have to ride on highways and they have to be protected from floods, and they have to be provided with sewers, electric street lights, and a lot of other things, not only in the place they actually live but on the way from there to their work and where they work. Yours is a very demagogic statement, in my humble opinion.

To the gentleman from Mississippi may I say that concrete and steel are commonly used in the construction of homes, particularly for foundations; soil pipe, hinges, doorknobs, nails, and almost everything else that has to do with a home requires steel. Concrete and steel, cement, rock, sand, and gravel are commonly used. The authority given in this bill will be to divert such materials from any other purpose to this purpose.

Mr. WHITTINGTON. That is the reason I asked the question, because I had the same understanding.

Mr. HINSHAW. Of course.

Mr. WHITTINGTON. I further had the understanding that that priority authority ought not to be given because the veterans are as much interested in flood

control and in bridge and highway construction as any other citizens.

Mr. HINSHAW. They are even more interested than other citizens. They need jobs and buildings and tools in which and with which to work, and ways to get to work and back.

Mr. PATMAN. They certainly ought to be specifically included.

Mr. HINSHAW. Having been in the building business at one time, I have taken an interest in building situations wherever I have been. Here in Washington I have had occasion from time to time to talk to people in that business to find out what was going on, and to price properties and price construction. The prices of property in Washington, D. C., have gone up approximately 30 percent in the last 5 years, and I have checked that market myself to find out, while the cost of construction has gone up in the neighborhood of 40 to 45 percent in the same time. Construction costs have risen faster than resale prices.

If you go to a man and say to him, "Mister, I want to buy your property," and he says, "Now, I paid \$5,000 for this property in 1940, and I will sell it to you for \$6,000," the man is crazy, because he cannot reproduce that property for less than \$7,000 today. Why should he sell his property for \$6,000? It is ridiculous. He should sell his property on a fair valuation, which would be the reproduction cost new, less depreciation.

In other parts of the country the cost of construction has gone up even higher than here. I personally built a house for my own use in 1938, just before I came to Congress. I lived in it 6 weeks and then came here, and later sold it. That property cost me \$3.50 a square foot to build, in 1938. On my return to California this last Christmas I inquired of the general contractor and the architect who built and designed that property what it would cost to reproduce it today. Their answer, much to my surprise because I would hardly have believed it, was that the reproduction of that property today was from \$9 to \$11 a square foot if they could get the material and have it delivered on the job on time. Just figure that one out. That is about 3 times the price that it cost me in 1938. The reason for it, of course, was that at that time there was an availability of material in surplus at low prices and an availability of labor. Incidentally, I hired 100-percent union labor on that job at fair wages, at current union wages of the day. I would do so again. But in that area, the wages of plasterers, carpenters, and plumbers, and all the rest of the building-trade labor have gone up very materially and there has been a great shortage of that kind of labor because of the war and because we have built thousands and thousands of homes out there. Some of the workmen say, "Well, we do not want to work on Monday, but we will work on Saturday if we can get time and a half." That adds on to the bill. They want that time and a half. That is what is happening in the building industry. Now, you say, "Yes, it costs the veteran \$7,000 to buy a \$5,000 home." That is true because the cost of labor and materials has gone up that much. It is not a question of specula-

tion, as my friend the gentleman from Texas would say. The speculators are those who catch the people who own property and do not know the value of it. The speculators buy property from owners at less than its current value and then sell it at the current market value. Those former owners are the people who lose by that game—by selling below the market to the speculators. I am sorry if those people do not keep abreast of the market situation insofar as reproduction costs less depreciation are concerned, but the owner does not have to sell unless he wants to. The speculator does not raise the market. He buys properties that are offered below the market and sells at the market.

Mr. JOHNSON of California. Mr. Chairman, will the gentleman yield for a question?

Mr. HINSHAW. I yield to my colleague from California.

Mr. JOHNSON of California. Does not the factor of supply and demand have something to do with the situation?

Mr. HINSHAW. The factor of supply and demand has a great deal to do with it. Suppose I own a house and a man comes to me and says, "I want to buy your house." I say, "I do not want to sell." He says, "What do you want for it?" I say, "Well, I do not care to sell." He says, "Well, you must have paid about \$5,000 for it 3 years ago and I will give you \$6,000." I say, "No, I do not want \$6,000. I would rather not sell." Pretty soon he says, "I will give you \$7,000." I say, "Well, that is \$2,000 profit." So I go out and look and see what I can get for \$7,000. Maybe I will be able to get a new house that I like better than the one I live in. So I go out and buzz around the contractors and real-estate brokers. Soon I discover I cannot either buy or build anything better than I have for the price that he offered to pay for the house. "No," I say, "I will not sell for \$7,000. I cannot better myself by doing that." He says, "I will give you \$8,000." Then he begins to strain on my heart-strings a little bit because here I have really a market profit this time. But I do not want to take the trouble to move and go through the transfer of title business and all the rest of it so I say, "No." Finally, when he offers me enough so that I have enough profit in the proposition for trip back to Kansas to visit the folks, I say, "All right, brother, you can have it. I am going to Kansas." That is the way it goes. Then March 15 rolls around and the profit, which is really not much of a profit on the basis of reproduction cost less depreciation, is taxable as income and a substantial part of it goes to the collector of internal revenue.

The reason why the buyer bids above the real value is because there is a shortage of houses and in order to get someone to sell he must offer a substantial inducement. Putting ceilings on houses won't make houses available. Building plenty of new ones will eventually break the bottleneck, and that is the only way it can be broken.

Mr. JOHNSON of California. Out in our section of the country there are probably three times as many veterans who want homes as there are homes that can be built.

Mr. HINSHAW. Of course, that is absolutely true.

Mr. JOHNSON of California. That has raised the price.

Mr. HINSHAW. Out of 6,000 veterans who were discharged from Camp Pendleton in a recent week, 3,100 decided that they are going to live in California. That is one reason why we are having quite a serious problem when it comes to veterans' houses in California. If those who really live elsewhere would go home for a while it would help ease the present terrible situation.

In this bill there is the greatest possibility in the world for some of the finest rackets you ever saw in the building industry, if you please. I will tell you how they can work. With the authority given to the Administrator under this bill, and do not think that authority is not used, he can practically designate, if he chooses, for example, on what particular piece of land he will permit the priorities to be used. Is that not correct? They did it during the war under title VI for housing. I can mention specific cases, but I will speak only in general and show you how that racket works. This will be only one way out of a great many ways that the racket could work. Suppose there is a certain piece of vacant subdividable land one square mile or 600 acres in size less the bounding highways along the property. Let us say one highway is a good business street. A man who is a political racketeer with allies in the right places in Washington goes out and takes an option on that 600 acres. He may pay \$25,000 for the option to purchase 600 acres net at say \$500, or perhaps \$1,000 per acre. When he has taken that option, he finds himself a likely and friendly contractor who is able to build and build in quantity, and he says: "Now, brother, I have got an option on this piece of land. I will sell you the option and you buy the land, and you build 2,500 houses on that 600 acres."

The contractor says: "No. I don't want that deal at all, because I don't have any priorities to build on that land, and it is not within the building-area limitations that are set forth by the Housing Expediter, or the Administrator, or the OPA, or the WPA, or the NHA, or the FHA, or whatever it might be."

He says: "Don't worry about that. I will take care of the priorities and all that—I have friends."

"Do you guarantee it?"

"Yes."

"What is your price for the option?"

"I'll tell you what I'll do. I'll give you the option if you will deed me back 1,500 feet of frontage zoned for business on this main business artery for the option."

He says: "That is a fair deal. That is about the value of it as acreage."

So he gets the 1,500 feet of business frontage down on the main drag, and the contractor gets the rest of the property and the priorities and preferences.

What happens? He builds 2,000 or 2,500 houses on this land without any trouble or delay. The other fellow has 1,500 feet of business frontage which has cost him almost nothing, practically.

That business frontage, with 2,500 families behind it, and other places across the way and around the block is worth probably not less than a thousand dollars a front foot, and that political racketeer has \$1,500,000 worth of business property to his credit, that cost him \$25,000, because he has friends in the right places.

That is one of the rackets that can be worked in this game, if you have friends among those who issue the priorities and determine the places where the veterans' homes can be built.

There are some other rackets I would like to delineate to you because I understand how these things work. I have talked with some people who have been close to that business and who have done a great deal of building during the war, and I know whereof I speak. It is all quite legal they say.

Mr. RABAUT. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. Yes; I yield.

Mr. RABAUT. I am very interested in the gentleman's remarks. I have had a great deal of experience in the real-estate business. I wonder what you suggest? We are trying to suggest something here.

Mr. HINSHAW. I will tell you what I would suggest, and I appreciate the question. I would suggest that this racket of priorities and this racket of the control of prices, to the point where nobody but the favored few can afford to produce stuff to sell, should be abolished and abolished now. And I will tell you why. Take a certain building material that was not necessary during the war, because it was not needed in connection with the war, but it is a very widely used building material. Let us pick one out of the blue and say cellulose wallboard, three-quarters of an inch thick. The price on that material was the same in 1938, 1939, 1940, and 1941. In 1942 a ceiling was put on it in March, and since then there has been comparatively little use for it except by the Army and Navy, and they have made special contracts. So the price ceiling is still the same ceiling that was on there in 1942.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. CRAWFORD. Mr. Chairman, I yield the gentleman four additional minutes.

Mr. HINSHAW. It comes along now to the point where the wallboard is badly needed in the building industry, as one of the cheapest and best things with which to build. The manufacturer of this building material comes down to Washington and says, "I should have an increase in price now because I am paying my labor 30 percent more; a 15-percent increase during the war and 15 percent which I just granted, and I should have an increase in my price on that material so that I can come out. Otherwise, I cannot afford to make it."

They say, "We are sorry, but you have got to stick by 1942 prices. We are holding the line."

So there is none of that product made. Where do you as a veteran home builder get off? You have got to buy more ex-

pensive material, if you can get it at all on the market, and the other stuff is not being produced.

Mr. RABAUT. Mr. Chairman, will the gentleman yield further?

Mr. HINSHAW. I yield.

Mr. RABAUT. I have been attending hearings upstairs the last few days, and I have not heard all the discussion, but I am very interested in this bill. I understood there was to be an amendment offered here for subsidies for the purposes of production. Would not that take care of the situation we are talking about?

Mr. HINSHAW. It might in the governmental sense but that does not take care of it for me because when first there are subsidies then immediately comes the thumb of the bureaucrat. I do not believe in subsidies. No businessman wants subsidies, he wants a fair price. Government subsidies have to be paid for by the people through buying bonds and paying taxes. Subsidies are like dope.

Mr. RABAUT. The gentleman's idea, then, is that we should just let things find their own level, just let things go.

Mr. HINSHAW. I will say this to the gentleman from Michigan, I believe that if this country could be turned loose to exercise its productive genius without restriction and without strikes, that you would find prices lower than they are now or proposed to be, inside of 6 months. But as long as you keep up all these restrictions you create the very bottlenecks that you seek to break. And strikes only create greater shortages at the very time we need production.

Mr. RABAUT. I realize the gentleman's seriousness in the matter, but the history of World War I refutes every point he has made.

Mr. HINSHAW. I beg to differ with the gentleman. I went through World War I.

Mr. RABAUT. So did I.

Mr. HINSHAW. I served in the Army, and when I got out went into business.

Mr. RABAUT. So did I. I was in the building business too.

Mr. HINSHAW. I was not in the building business; I was in the manufacturing business at the time working on the assembly floor of a factory as a grease monkey. I know that back in 1921 they dumped the surplus war goods on the market, surplus war materials. That is what started that depression, but in this war they will not even turn them loose. They have thousands and thousands of kegs of nails in warehouses in Chicago, so I am told, yet we cannot get one keg of those nails out on the west coast, and we cannot continue construction for long out there because we cannot get nails. No; the nails have to go to local distributors in the Chicago area under the regulations, and they never reach the west coast. We have shortages of other things too because of the regulations of the bureaucrats down here in Washington.

Mr. ELLSWORTH. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield.

Mr. ELLSWORTH. Substantiating what the gentleman said about wallboard, the panel fir plywood industry on

the present basis produces only about 5 percent of its output in house building board, I think that is three-eighth-inch panels, and so far they have not even yet had a price set on the 1942 basis. As the gentleman pointed out, since the end of the war they have not even had a price established on the coast based on cost of production.

Mr. HINSHAW. No; and if they were a smaller outfit, they would pretty soon find some cheap chiseling racketeer politician coming to them and saying: "I think you need a representative in Washington to represent you down there; I understand you are having difficulty with the OPA. If you will pay me a \$2,500 retainer, I have an office in Washington that is friendly with the right people. We will get your price fixed for you, and we will get even more for you than you think you ought to have."

I have known that to happen more than once to manufacturers in my own district.

Mr. ELLSWORTH. The Housing Expediter has said he needs 50 percent of their output; still they have not done anything about fixing a price on it.

Mr. HINSHAW. That political racketeering and these restrictive laws and senseless regulations are the things that are causing the great housing shortage today, and we ought to get rid of them.

The CHAIRMAN. The time of the gentleman from California has again expired.

Mr. SPENCE. Mr. Chairman, I yield 15 minutes to the gentleman from Oklahoma [Mr. MONRONEY].

Mr. MONRONEY. Mr. Chairman, I believe the House today faces a very vital decision. I think we can be overcautious and oversimplify this decision and come up with the wrong answer. Or I think we can show a little native American courage, a little native American business vision, and come up with the right answer. By that I mean we can take action in the House when this bill is read tomorrow to give to America a real and genuinely effective housing program.

A great deal has been said here today about wanting to do something for the returning veteran. I am in favor of that, and every man in the House is in favor of doing that.

HOUSING AND JOBS NEEDED

I am interested not only in doing something for the GI's, in finding them a decent place to live instead of in reconditioned gasoline stations, chicken coops, jamming up three or four families with mothers and two small children, sleeping on the floor of an in-law's house, but I am also interested in seeing real, honest job opportunities opened up for the GI's to go to work in.

In my own home town there are over 4,500 GI's registered today for employment and less than 200 job opportunities filed there.

We have the great task to build homes for these servicemen who are arriving 20,000 to 25,000 each day on the boats as they come back from overseas. We must also build for the backlog of the four or five million veterans who have returned since VJ-day.

We will not be able to find homes or jobs for these men unless we pass legislation that will make possible the breaking of the bottlenecks that today exist in the housing industry.

FREE ENTERPRISE MUST PROGRESS

It is all right to talk about preserving the sanctity of free enterprise. I believe in free enterprise to the very depths of my soul, but I do not believe that there is any sacred-cow entitlement in free enterprise to resist constructive change and improvement. Or to tenaciously cling to limitations and habits they have had during the past 10, 20, or 30 years.

As Wilson Wyatt said, you cannot do this job with business as usual. You will do it under the capitalistic system, you will do it under free enterprise, but you will see a progressive, free enterprise change a few of the old rules and musty habits of the game. That has happened in countless times in America and it has made our country great.

DEAD HAND OF THE PAST

If we had listened to the argument of the buggy whip manufacturers, of the men who made the shafts, we would not have had an automobile industry today. If we had listened to the arguments of the ice people we would not have electric refrigeration today. Almost every single step in America's progress toward prosperity has resulted in the free enterprise industrial system being alive to meet modern conditions.

So I can see no great danger, no socialistic housing program as some have jeered at this legislation, when we simply recognize as a Congress, as a free people, that we have a gigantic task to do and we must do it in the progressive American way.

NEED 2,700,000 HOMES

Let us see what this job is. There are 2,700,000 homes needed in this country today for veterans. The very best estimate that you can get under present techniques, that you can get under the laissez-faire policy of "let well enough alone," not giving any help to the veteran or to the builder who is trying to help the veteran, is about 300,000 homes per year—600,000 homes versus 2,700,000 homes in 2 years.

There is prosperity and employment for the returning veterans when we help them to build their own homes, when we permit them to work for men who we have helped in getting priorities and materials to build these homes. This is far better than having those veterans homeless, walking the streets, jobless, discouraged, drawing unemployment compensation from their Government, which they do not wish to do, at the rate of \$20 per week over a period of 52 weeks.

I think America should have the courage to do as Wilson Wyatt has done, and as the President has directed him to do when he said, "Do not bring in a small program. We want a big plan."

CREATE A NEW INDUSTRY

Mr. Chairman, you talk to the men in the housing industry who have vision, men who are not hidebound by old-fashioned hammer-and-saw technique, and they will confess to you that the housing industry after this war offers the

best opportunity of a new giant industry in this country. An industry that can create untold billions of values to our country, untold millions of jobs and resulting in millions of homes for veterans and for others in the process.

Yet because a little bit of this legislation tramples on the toes of hidebound tradition in this industry or that industry it is called socialistic housing.

This is a bill designed to enable free enterprise to become bigger, better, more efficient, and to meet the needs of an America that is somewhere between five and six million houses short of fulfilling the land of promise that every soldier thinks he is returning to.

MATERIALS MUST BE EXPANDED

We cannot possibly build anywhere near the number of houses that we need and must have with the materials that are available today. You can blame the OPA if you want to; you can criticize the bureaucrats and all that, but you all know there have been many other factors besides the OPA involved in this thing. I remember about a 3-month strike after VJ-day on the Pacific coast which stopped almost all lumber production. It was a labor difficulty, perhaps. Maybe it was a sit-down against paying further excess-profits taxes up to the January 1 deadline.

There are many causes for the material shortages. Take your labor trouble, your dislocation by reason of the war, your repeal of the excess-profits taxes—these are only a few. The OPA is not alone to blame. I grant you that there are many cases where you can single out grievous errors that have been made in the pricing of housing material, but I also know that there have been dozens and dozens of price increases given, and yet as these price increases were had, you still did not get the production that you sought for. It still dries up, and somehow price alone does not give the production that is needed and which determines whether we are going to have these homes for the returning veterans.

PRODUCTION INCENTIVE PAYMENTS

I propose to offer an amendment recommended by Mr. Wyatt in the President's program that he be allowed to have a ceiling of \$600,000,000 for use in material subsidies to stimulate additional production of building supplies.

Unless we have that amount of help—and it is a maximum figure and it has to be vitalized with an appropriation by the Committee on Appropriations—I do not think we can break the bottlenecks to stimulate hundreds of the high-cost producers, the man who is on the ragged edge and cannot get going. Unless we do that I do not think you will possibly get the materials you need to even support a 300,000-home-per-year program, let alone the 2,700,000 that this country needs today.

This matter of production subsidies is not entirely revolutionary; in fact, Member after Member during the war, as we were struggling to get the goal of war material up to where it could turn the tide to victory, stood on this floor and praised the subsidies on copper, lead, and zinc and on the other basic critical materials needed for war. That program

was well run, and it enabled us to hold reasonably the ceiling on the low-cost producer and still get production from the marginal high-cost producer that was the difference between adequate supply and not nearly enough supply for all.

FIGURES ABOUT 3 PERCENT

So I think, although the \$600,000,000 figure sounds like a large figure, that when you break it down as to the cost of these 2,700,000 homes, it represents something slightly over 3 percent of the cost of the whole program. If a 3 percent expenditure will help us to get a flood of material, to break the little troublesome bottlenecks, on things that need only a few thousands of dollars to get them into full production, then I think this House can wisely and judiciously effect that.

We have appropriated \$191,000,000 to move temporary housing that we know is going to be torn down in 4 years. In the Senate there is another \$200,000,000 going through, and the House will probably support that, to use this temporary housing and reconvert it for 3 or 4 years use only to make housing for this emergency situation. Yet you will only get about two or three hundred thousand housing units out of this sum. Out of that almost \$400,000,000 that must be written off we get only a fraction of our goal in housing units. Here we are asking you to amortize, not appropriate, the use of \$600,000,000 in subsidies to break troublesome material bottlenecks for production that will get this machine rolling under a free-enterprise system of 2,700,000 homes.

CONGRESS SHOULD ACT

I am glad that the gentleman from Michigan, although he did not wish to comment on it on the floor, has said in the past, if he is quoted in the press correctly, that these subsidies are necessary. I disagree with him on the fact that we do not need an authorization from the Congress. As a matter of fact, if we did not need an authorization from the Congress, if the law were broad enough so that Mr. Wyatt could use \$1,000,000,000 in subsidies, I happen to have enough respect for Congress and the legislative processes of Congress that I want the Congress to set the ceiling on the amount and make the authorization for carrying on this production stimulation so that we can get the production we need.

Mr. ZIMMERMAN. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield to the gentleman from Missouri.

Mr. ZIMMERMAN. The gentleman says that one of the troubles now is a bottleneck in the production of building materials.

Mr. MONRONEY. Exactly.

Mr. ZIMMERMAN. We may all agree on that, I think. A few days ago I attended a dairy meeting here in Washington where the dairymen of our country pointed out that there is a shortage of butter and other dairy products, yet they have been given a subsidy. They said that the subsidy, and compelling them to operate under a subsidy, had forced dairymen to go out of business,

and instead of stimulating production it had in fact curtailed production. May I ask the gentleman if he has given serious thought to that situation? Will the employment of subsidies here in fact stimulate production and break this bottleneck, or will it do what some say, stifle production and leave us with a shortage?

Mr. MONRONEY. I would say that the best analysis, since we are dealing with hard materials, firm materials, such as we dealt with all through the war—and the subsidies were eminently successful—is that we got copper production, zinc production, lead production, and other materials through the use of subsidies to bring into production the marginal producers. I hope the gentleman will not confuse this issue. The price control bill will be here in a few weeks, and he will then have a chance to go over the butter question, the milk question, and many other of these perplexing things. But I do say that our experience with basic material subsidies during the war, in which they were used for 5 years and were so eminently successful that not a man stood on the floor here and tried to discontinue them, certainly leads me to believe that this is a program that is well worth use at this time in view of the emergency that faces us in the present shortage of materials.

Mr. ELLSWORTH. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield to the gentleman from Oregon.

Mr. ELLSWORTH. The gentleman mentioned the west coast lumber strike a moment ago. May I call attention to the fact that that strike was settled with a substantial increase in hourly rates, 15 cents, to be exact, but no adjustment whatever has been made in the manufacturers' prices and so far as I know there is no move to do that, even though a similar situation developed in steel and a very large increase was given the manufacturers. Meanwhile, the production of lumber in the Northwest, in the same area where this increase of wages took place, has declined 29 percent in these 2 months of the year as compared with the same 2 months a year ago. I think if we would not fool with subsidies but do exactly with lumber, a prime building material, what has been done with steel and some of the other commodities, we might not have to worry about subsidies on materials.

Mr. MONRONEY. May I say to the gentleman that one of the main purposes of this bill is to centralize the control of price bottlenecks as well as supply bottlenecks. You surely cannot expect to handle a situation as big as the west coast lumber situation with \$600,000,000 in subsidies.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. SPENCE. Mr. Chairman, I yield five additional minutes to the gentleman from Oklahoma.

Mr. MONRONEY. By passing this bill and by adopting the language of an amendment which I shall offer, and which incidentally happens to be the first part of the amendment of the gentleman from Michigan, you do give the

housing expediter a right to override all other agencies in Government on the determination of price, to break the price bottleneck. But you cannot simplify this to a single issue of breaking the price bottleneck.

You have to have a subsidy leeway there so that you are not going to raise all of the low-cost producers, who might happen to be in a very good profit position, up to the level where you bring the high-cost producers into production. I think it makes good common sense. I think if we intend to have the kind of a housing program that will meet the needs of a free America we will have to pass the subsidy provision and carry it out. I do not think anything else will meet this challenge.

Mr. ELLSWORTH. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield.

Mr. ELLSWORTH. Does not the gentleman agree that by treating a critical industry, such as the lumber industry, the same for example as steel, with an idea of increasing the incentive for production, it might save the necessity of going into the Federal Treasury for subsidy money?

Mr. MONRONEY. I believe you will find that the lumber ceilings are not the uniform ceiling. Each manufacturer and each mill has its own ceiling.

Mr. ELLSWORTH. That is not so.

Mr. JENSEN. Mr. Chairman, the gentleman is exactly wrong.

Mr. MONRONEY. I do not believe I am wrong on that. The OPA has been plagued and the building material people have complained that only 3 weeks ago, I got this from about 50 of my own lumber dealers, that the complexity and the difficulty of a thousand different price schedules on lumber was one of the contributing causes as to why they could not possibly bring about an adequate supply of lumber.

Mr. ELLSWORTH. I believe I can answer that. There are a great number of items in a lumber schedule, but there is no divergence between one mill and another. The price rate is straight across the board, that is, the ceiling price. I am positive on that point because a constituent of mine who manufactures lumber thought, due to the situation in which he found himself, his mill might be granted a slight concession, but after spending a great deal of time here, he found that that could not be done. That is not the case. But if the gentleman will permit a further observation, lumber prices and building materials and housing materials are now set on the basis of 1942 at prewar figures. During the war most of the lumber production went into items that are not usable for houses.

Mr. MONRONEY. That is correct. It went into railroad materials and materials for shoring in shipyards and things such as that.

Mr. ELLSWORTH. Six months ago it was perfectly obvious to everyone that housing lumber was needed and the same price schedules that operated during the war are still in effect 6 months later as of today. I am not talking about an increase of price; I am talking about a readjustment of price which would bring the same net amount to the mill

but readjusting it so that we get the lumber that the country wants and needs.

Mr. MONRONEY. I am told that the OPA for the past 3 months has been endeavoring to work out a satisfactory lumber schedule.

Mr. ELLSWORTH. They have been talking about it only.

Mr. MONRONEY. I have been told by my own constituents and lumber people that they are trying to get it but they are stalled by many practices that have grown up in the lumber industry. Some mills open a retail yard right at their front door. They take their full production from the mill and move it across the street into the retail yard to sell to home builders at a retail figure. I do not think it is very good business and I do not think any Member of Congress could approve of that method of evasion. But under the law, if you let a few mills operate retail outlets, they change their distributive system. But it is now being used as a major point of evasion of wholesale price ceilings. Does not the gentleman agree with me on that?

Mr. ELLSWORTH. The lumberman is not more saintly than any other individual in America. You will find the same type of evasion, if such exists in the lumber business, in every line of industry and business in this country. That does not alter the situation that in the 6 months period since VJ-day the OPA has failed to meet this situation. I recognize that this has to do with the price of lumber and also with the supplies of lumber.

Mr. MONRONEY. Is that not a good argument for making the Housing Expediter powerful enough to break these price bottlenecks and expediting that lumber production?

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. PATMAN. Mr. Chairman, I yield the gentleman one additional minute.

Mr. JENSEN. Does the gentleman think subsidies as he has explained them would cure a condition such as I am about to recite? For example, rough green vertical grain B and better, fir flooring 4 inches by 12 inches by 12 feet long—now, that is a big, heavy timber, 4 inches by 12 inches by 12 feet long, can be sold under OPA regulations for \$75 per thousand board feet. When the same item put through many expensive additional operations comes out as 1 by 4 and 12 feet long B and better, flat grain fir flooring the OPA ceiling price is only \$45 per thousand.

Mr. MONRONEY. Of course, the gentleman knows subsidies will not correct that. The question was not asked to determine that. The question was asked to prove the OPA ceiling was in error. The gentleman surely knows that the reason that high price was placed on that heavy lumber was to provide the necessary heavy lumber during the war for carrying on the war. At this time that should be off, and we should kill out this extra price for extra-size lumber.

Mr. JENSEN. Absolutely. If we had corrected that condition we would have had lumber production by this time.

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. MONRONEY] has expired.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Utah [Mr. GRANGER].

Mr. GRANGER. Mr. Chairman, I would like to call to the attention of the House, the almost unanimous support which the Nation's press has given to the Veterans' Housing Program.

The New York Herald Tribune of February 11 classified Mr. Wyatt's report on housing as "an inspiring document" which "refuses to be daunted by obstacles and very appropriately points to the manner in which the impossible was achieved by the United States in building the world's most powerful war machine 4 years ago."

Terming the "courageous realism" of Mr. Wyatt as a "challenge to the United States," the editorial asserted that "he has outlined the problem and suggested remedies in such a fashion as to permit Congress and the people to tackle the subject with understanding."

The Detroit Free Press of the same date lauded this comprehensive housing program for the Nation as a "great job" and said:

The Nation has desperately needed a bold program to meet the emergency, and to end the fumbling and piecemeal approaches to this basic problem. With these proposals such a policy is on the way to attainment. From here on, speed and wholehearted cooperation are the first essentials.

The Philadelphia Record of February 17 termed Mr. Wyatt's proposal "an imaginative, decisive program which meets the problem head-on." The editorial added:

Congress should give him the legislation he need promptly and let him go to work. He deserves the cooperation of all interested groups—labor, industry, Government, and the public.

The Philadelphia Inquirer of February 10 in commenting on the housing problem said:

Shelter for the millions who have been hunting homes in vain is the first consideration. Here is a crisis not only warranting but absolutely demanding Government aid because of the immensity of the program.

Let the Government now take a hand in earnest, give the initial push to this movement and homes for all Americans will be no longer a dream but a cheering reality.

The Cincinnati Enquirer of February 11 defined the proposal as "basically a good program to meet an exceeding grave national problem of stupendous dimensions." It continued:

Irrespective of minor changes which may seem necessary, legislation to implement this housing program should be enacted in a few weeks. We owe it to the men coming back from overseas to see that they have homes to come back to. And we owe it to the youngsters of America to see that they do not have to grow up in trailers, hovels, cabins, unsafe tenements or piano boxes. America can do better than that.

The Minneapolis Tribune of February 12 termed this plan "the boldest and most comprehensive housing program ever formulated in the United States" and added:

It is a challenge to the construction industry which has lagged in the mass-production economy on which most of the Nation has embarked.

Attributing the construction industry lag in large part to "lack of coordination of our construction resources and abilities," the editorial asserted that "Wyatt's program provides the sort of coordination which the industry needs."

Commenting on the plan proposed by its former mayor, the Louisville Courier-Journal of February 10 says:

If the sights are high, they are no higher than the need. Therefore it should follow in the most lucid of processes that they be realistic, not grandiose. One disposed to look at them as visionary should look again, and see the solid quality of their implementation—subsidies to absorb cost increases, guaranteed markets to eliminate risks, priorities for smooth flow of material, recruitment of manpower, sound financing and mortgage insurance. If Mr. Wyatt has not yet actually started to fulfill his promise to break bottlenecks, at least he demonstrates that he recognizes the shape and location of them and has lined them up for systematic demolition.

The Asheville (N. C.) Citizen-Times of February 10 commented:

More mature consideration may suggest some modifications in the Truman program. But its basic principles and objectives are sound. The fundamental plan should not be emasculated by unwise alterations. The housing shortage is too acute for protracted debate. Congress should tackle the situation without further delay and pass the legislation that is required.

The Greenville (S. C.) News of the same date asserted that "there is much reason to look with approval upon the basic features of the President's home-building program" and added:

The essential thing now is to get construction of homes, mostly moderate priced homes, going at full scale. We have got to have more houses as quickly as possible and this emergency need of the country justifies some emergency governmental measures to hasten that program.

The Atlanta (Ga.) Constitution of February 13 expressed satisfaction that Mr. Wyatt had heeded the President's injunction "to make no little plans," and said:

It is to be hoped that Congress will move with all alacrity to enact whatever legislation is necessary to get the sorely needed building program under way. Too long already have we delayed in the hope that it could be solved by halfway measures.

The Chicago Sun of February 18 pointed out that the "so-called natural forces of supply and demand did not give us a vast program of homebuilding after VJ-day," and said:

War veterans who know from personal experience the vast productive power of this country will not be satisfied with explanations instead of houses.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Indiana [Mr. MADDEN].

Mr. MADDEN. Mr. Chairman, the bill under discussion, H. R. 4761, with constructive amendments, will, to my mind, prove to be the only practical solution toward releasing our homeless citizens and former veterans from the present housing crisis.

The great Calumet industrial region of Indiana which I have the honor of representing in this body, is undergoing the most critical housing shortage of any

area in the United States. Thousands of families moved into this area at the beginning of the war in order to make their contribution toward defense production. The housing situation in my district was critical before VE- or VJ-day, but owing to the fact that thousands of veterans have returned in the last 9 months, we find a great majority of them are unable to find a place in which to live. From a survey made in the city of Hammond, Ind., it was revealed that 68 percent of house or apartment seekers are returned veterans.

This bill provides for a housing expediter with broad powers to issue directives to other agencies so as to concentrate the Government's attack upon this problem. It sets up a priority program to channel scarce building materials into housing for veterans. It also provides for ceiling prices on new and existing homes. It permits the housing expediter to use subsidies as they were used during the war to increase production of building materials. The provisions of this bill will terminate on December 31, 1947, and during these 18 months, this great national housing emergency should have passed. By enacting this bill, a major step will have been made to provide for the 2,700,000 homes in the next 2 years.

Unless some kind of supervision is enacted, millions of dollars worth of scarce building materials will be directed into building channels where great profits can be derived, such as nonessential construction, places of amusement, and so forth.

I think it is common sense that a great percentage of these newly constructed homes should have a ceiling price of not over \$6,000, as very few returning veterans can afford to pay ten, twelve, or fifteen thousand dollars for a place to live. The average returning veteran is desirous of owning a modern home which he can call his own and enjoy the mental satisfaction of reestablishing himself to civilian life and raising his family.

The need for housing in the lower cost bracket is great and the records reveal that more than one-half of the families of this country could not afford to build a home costing more than five or six thousand dollars. Furthermore, as construction material becomes more plentiful and modern building methods develop through research, there should be a progressive lowering of the price for all moderate and low-cost housing.

The returning GI's can be classified as members of the average American family and they have a right to expect help from Congress in achieving a decent security and a place to live which they can afford to maintain.

I realize this legislation in its present form is not perfect, but I hope that if amendments are adopted they will not cripple the original intent of this bill, which is to provide a low-priced home for the veteran and the average American citizen.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Washington [Mr. SAVAGE].

Mr. SAVAGE. Mr. Chairman, it is extremely important as we consider the specific legislation, the Patman bill,

which is necessary to make the veterans' emergency housing program work, that we be fully aware of the almost unanimous support for this program which exists throughout the country. The press, labor, veterans' organizations, industry representatives, public interest groups, mayors, governors, Federal, State, and local officials, all have endorsed it and have asked for immediate legislative action to put its various phases into operation.

Support and endorsement has come from both political parties, from producer and consumer groups alike. Our housing crisis, which is getting worse daily, and the Nation-wide demand for action now means that we must pass the necessary legislation immediately and get this program into action.

As evidence of support and endorsement of the veterans' housing program I would like to quote briefly some excerpts from statements made by various individuals and representatives of industry and agriculture. These are only a very few of the hundreds of similar endorsements that have been made of this program:

Henry J. Kaiser, industrialist. In an interview with the Christian Science Monitor, Mr. Kaiser said:

There are simply no bottlenecks you cannot break. The Truman-Wyatt housing program will electrify the Nation. Can a nation that built and delivered hundreds of billions in armaments be baffled by the task of building homes?

Harry H. Steidle, manager, Prefabricated Homes Institute:

Mr. Wyatt's program is a courageous, comprehensive and highly commendable plan to solve our No. 1 domestic problem. It can be attained if Government, labor, and industry will cooperate in peace as they did in war.

Recent surveys of the prefabricated home manufacturers' industry indicated a known productive capacity of nearly 200,000 permanent for 1946, and with the aid of some newcomers who are converting over from war enterprises the goal of 250,000 houses this year which Mr. Wyatt assigned to prefabrication seems well within the realm of possibility.

However, this will be the case only if plywood, lumber, flooring, and millwork, together with the equipment items, are made to flow in steady and adequate quantity to the prefabricators, for this is just as much a mass-production industry as the production of automobiles.

Henry Morgenthau, Jr.:

Mr. Wyatt's building program attacks the housing problem vigorously and intelligently. It provides the necessary governmental assistance to bring new construction techniques, new material, and new organization into the residential housing field. With this program, we will have made a tremendous step forward toward realizing the hopes of millions of Americans for new homes at low cost. I am convinced it should receive the support of all farsighted businessmen. I sincerely hope it will succeed.

Brig. Gen. David Sarnoff, president, Radio Corp. of America:

The need for low-cost housing has been evident for years and the program developed by Mr. Wyatt promises to fulfill that need. I congratulate Mr. Wyatt on the approach he has taken to this most difficult problem. It

deserves the wholehearted support of the people of our country.

Nathaniel Dyke, Jr., operator of lumber and building-materials firms in 12 Southern States:

Wilson Wyatt's bold and intelligent plan to provide housing for veterans deserves the support of all Americans. It has my enthusiastic endorsement.

Wilson Wyatt as Housing Expediter is ready to lend the assistance of the Government in this crisis, but it is free enterprise that must put his program over. The construction industry, in all its thousands of units, material producers, labor, home financing, should accept this challenge to produce the housing that is so badly needed.

Speaking from years of experience in the production and distribution of building materials, I believe that Mr. Wyatt's plan, with the cooperation of the whole construction industry, should prove effective in maintaining long-run stability in the construction and building materials industries generally. Therefore, it is to the interest of these industries as well as to the interests of the public to lend their wholehearted support to Mr. Wyatt's plan.

James G. Patton, president of the National Farmers Union, in a letter to Mr. Wilson Wyatt:

The vigorous, intelligent, and comprehensive emergency housing program just announced is like a breath of fresh air in Washington. I congratulate you on the energy with which you have attacked what is certainly the major economic problem immediately before us.

Solution is essential because, first, of course, the Nation simply cannot afford to put up with a condition wherein literally millions of people cannot find shelter of minimum adequacy. The spectacle of returning veterans forced to house whole families in a single room, in flimsy shelters, and in extreme cases even in tents is one that shames us.

But solution is necessary also because the construction industry is a key industry in reconversion and in the maintenance of full peacetime production and employment. The ramifications of the industry spread throughout the economic structure.

I am particularly happy that the program attacks forcefully the problem of prefabricated housing and of the use of new materials and earnestly hope that it will lead to a tremendous expansion in the construction of low-cost housing. Action of this kind, moreover, can make a real contribution to long-time programs for improving rural housing. To my mind there is no way of meeting the housing crisis without putting almost entire emphasis upon low-cost residential construction. I agree, too, there is no way of meeting it without some Government subsidy.

You may be sure of the support of the National Farmers Union in attempting in every way possible to make the new program work.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from Montana [Mr. MANSFIELD].

Mr. MANSFIELD of Montana. Mr. Chairman, I am glad that the House is at last considering a bill to take care of the housing needs of our veterans and our families of average income. I am, however, dismayed at the talk of \$6,000 to \$10,000 as being the price of a home. Surely, this does not apply to ordinary American families whose income is so small that they cannot even think of a house on that basis. I feel that the little

people of the country are entitled to every possible consideration in this respect, and with that in mind I introduced H. R. 5515 on February 19. H. R. 5515 would require that of available building materials and facilities 50 percent would be used for constructing homes selling for \$5,000 or less, 25 percent would be used for housing accommodations selling for more than \$5,000 but not more than \$8,000, and 25 percent would be used for other purposes.

This distribution of building materials would, in my opinion, be a fair means of allocating these materials so that the many desiring to build on a \$5,000 or less basis would be given the opportunity to do so. When we consider the income of the great majority of our people it would appear that houses in this category are the ones which will be in greatest demand. It is high time that we give every possible consideration to our lower-income groups, because there the need is greatest and the danger to our future, unless alleviated, is most apparent. Bad housing, insufficient housing, or no housing creates problems such as juvenile delinquency, marital discord, ill health, and slums. One of the ways to overcome these difficulties is in the building of adequate houses on a level within the financial reach of these families.

It is my belief that a housing program on a large scale will not only satisfy the needs of our people, but will also serve as a check on inflation and a means to create employment to the maximum degree. The building of houses will not only tax the capabilities of the construction industry but it will also create business in plumbing fixtures, furniture, electrical appliances, and so forth, and also expedite research in building which will help to develop new types and new materials which can and should be used.

It can be seen, Mr. Chairman, that this program will offer limitless opportunities in many lines and will fit in very nicely with our economy and our goal of full employment. Not only is the need great, but the future will be, once this program gets under way, very encouraging. It is imperative, in view of the times, that we undertake a housing program on the scale envisioned by President Truman and Wilson Wyatt whereby a goal of 2,700,000 houses within the next few years will be built. To fall down on this important assignment will be for us to confess defeat to those men who have fought for us to victory and who expect and need the assurance of adequate housing now.

Mr. Chairman, the number of married veterans who will need homes by the end of 1946 will, according to official estimates, total 2,900,000 families. Add to this other families, totaling 1,200,000, who are living on a doubled-up basis and another group of 560,000 nonveterans who are married will need homes by December 1946 and you can begin to get some idea of the difficult housing problem which confronts our Nation today.

Furthermore, to complicate the situation, it is estimated that 3,395,381 units—or 14.2 percent of existing housing—are in need of repairs and that in 24 percent

of existing housing, improvements with respect to running water, plumbing, private baths, and so forth, are required, even where major repairs are not.

Mr. Chairman, under unanimous consent, I am inserting at this point in my remarks a copy of H. R. 5515 and a letter from the Honorable John B. Blandford, Director, National Housing Agency, which indicates that good houses costing \$5,000 or less can be built:

H. R. 5515

A bill requiring that of available building materials and facilities 50 percent be used for constructing homes selling for \$5,000 or less, 25 percent be used for housing accommodations selling for more than \$5,000 but not more than \$8,000, and 25 percent to be used for other purposes

Be it enacted, etc., That the President shall allocate, and shall establish priorities for the delivery of, materials and facilities suitable for the construction of housing accommodations in such manner, upon such conditions, and to such extent as he deems necessary in order that of the aggregate supply of such materials and facilities 50 percent thereof will be used for the construction of homes selling for \$5,000 or less, 25 percent thereof will be used for the construction of housing accommodations selling for more than \$5,000, and 25 percent thereof will be available for purposes other than for use for the construction of housing accommodations selling for \$8,000 or less.

SEC. 2. This act shall cease to be in effect June 30, 1947.

NATIONAL HOUSING AGENCY,
Washington, D. C., February 7, 1946.

HON. MIKE MANSFIELD,
House of Representatives,
Washington, D. C.

MY DEAR CONGRESSMAN MANSFIELD: While it is true that the cost of both labor and material for housing has advanced considerably since the prewar days of 1940, there is sufficient evidence at hand to warrant the statement that acceptable housing can be built for \$5,000 or less. Naturally, location, climatic conditions, heating requirements, etc., have an effect on the price of housing. However, reports received on the operation of the priority system for channeling materials into housing within the price limitation of \$10,000 are encouraging.

Report of the first week of operation, January 15 to 18, PR 33 applications for priority assistance totaled 8,741 applications quoting a sales price. Of these, 518 quoted a sales price under \$5,000. In the week ending January 25, 15,948 applications quoting sales price were filed; of these 1,461 applications quoted sales price of less than \$4,500; an additional 1,121 applications quoted a sales price between \$4,500 and \$5,500.

San Antonio, Tex., reported a large number of applications quoting a sales price under \$5,000. On one day in the second week of priority control, out of a total of 755 applications throughout the country quoting a sales price of less than \$4,500, 716 were filed in the San Antonio office. The Omaha office, for the week of January 25, reported 64 applications requesting priority assistance and quoting a sales price. Of these 64 applications, 10 were in the \$4,500-\$5,500 price range and 15 in the \$5,500-\$6,500 range.

Details on the type of housing proposed are not available, but the information quoted above shows that a reasonable percentage of housing accommodations are being built for sale in the \$5,500 range.

Many manufacturers of prefabricated housing are scheduling their operations to produce houses that will sell, erected on a suitable lot, for \$5,000 or less. Some of these manufacturers are expecting to produce two-

bedroom houses in volume at a sales price of less than \$4,000 including lot.

The need for housing in the lower cost bracket is great. Studies reveal that more than half of the families in need of housing are in the income bracket that would not warrant the expenditure of more than \$5,000 for a house. As new construction materials and methods are developed through research, there should be a progressive lowering of housing costs and with the will and determination to provide adequate housing at low cost the job can be accomplished.

Sincerely yours,

JOHN B. BLANDFORD, Jr.,
Administrator.

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from Iowa [Mr. GWYNNE].

Mr. GWYNNE of Iowa. Mr. Chairman, no one doubts the serious nature of the housing problem. Thousands of returning war veterans are without a home. This is a situation which should not be allowed to exist, and the entire country is crying out for its solution.

The only difference of opinion lies in the type of remedy to be applied. Shall we solve this problem by a return to tried and true methods, or shall we give the public another dose of patent medicine. It is not even a new medicine; it is the old snake-oil remedy of Government regulations and subsidies.

In the past America has built millions of satisfactory homes. For comfort and convenience they are unequaled in any nation on earth. These houses were not built by the Government. They were built by well-trained and experienced people operating in a system of free enterprise. If we would remove some of the present restrictions and let that system operate, we would soon get more building material.

One of the great hardships under which private enterprise now operates is the slowness with which the OPA functions in rendering decisions covering prices. This is well set out in a booklet recently published by the Brookings Institution entitled "Should Price Control Be Maintained?" I quote from page 25 of this report:

Owing to shortages of raw materials in 1943 and 1944, several stove producers were forced to make slight changes in design. In consequence of the resulting higher costs, they filed applications for new price ceilings. During the period from January 1, 1943, through September 1944, decisions had been made by the OPA on 78 applications for new ceilings on stoves. In 50 percent of these cases, 31 to 90 days were required from the time the request was received until a decision was rendered. For 30 percent of them the elapsed time ranged from 90 to 286 days. Only 20 percent were decided in 30 days or less.

A similar record was made in the furniture industry:

In the 28-month period—November 1942 through February 1945—decisions were reached on 49 applications. Thirty-seven percent of these required from 43 to 90 days and 63 percent of them required 91 to 334 days. No decisions were made in less than 43 days.

Another authority points out the same situation in regard to brick and tile plants. With 400 of such plants closed, it took 6 months for the OPA to adjust prices. Since then an additional 125

plants have opened and production is up 35 percent.

OPA ceiling prices during the war resulted in putting out of business many small sawmills. Furthermore, under Government regulations it has been more profitable to produce certain types of lumber not adapted for home building, or to produce lumber for export.

As an example of the effect of the OPA on the lumber industry, I quote from a letter written by an experienced dealer:

The OPA regulations and amendments affecting our business are not clear, are not consistent, are not fair or reasonable, and are almost impossible to procure from OPA offices. Our executive officers have been spending most of their working time for years in trying to figure out what the OPA expects us to do.

As matters stand today, shipments are long delayed, many items are back-ordered or canceled, and many substitutions are made. We cannot commit ourselves to supply a single item unless we have it right in our warehouses. Under this condition our contractors or builders cannot make definite plans. In other words, the production line is all balled up. This increases expense all along the line, and the ultimate consumer pays too much after too long a delay, or he does not get a home at all.

As we see the picture today, the brilliant economic planners employed at fancy salaries and by the millions in Washington have made a dismal failure. There is no record to compare with it in the history of this great Nation—and we want them out.

The proposal for subsidies is particularly obnoxious. Subsidies have usually created more problems than they have solved, as many nations have learned to their sorrow. The experience of the Roman Empire in this field is related by James Anthony Fronde in his book, *Caesar: A Sketch*. The author gives a vivid picture of the subsidized distribution of grain to the people. I quote from the final chapter of this book:

Finally riots broke out and extended day after day. Calvus Gracchus was at last killed * * *, and under cover of the disturbance 3,000 of his friends were killed with him.

In spite of the bally-hoo of the OPA, subsidies have not been a success in this country. Producers have uniformly opposed them. I quote the following from a resolution adopted at the special delegates' meeting of the National Cooperative Milk Producers Federation, held in Washington, D. C., on February 19, 1946:

Last year the national income exceeded \$145,000,000,000 dollars, but Congress still authorized the consumer subsidies amounting to \$2,416,000,000 in this the one year in history when people were best able to pay for what they eat and wear. Of this amount \$694,000,000 was authorized for the benefit of consumers of dairy products which is about 20 percent of the wholesale market value of all dairy products at the farm. Continuation of the subsidy policy leaves dairy farmers subject to the shifting winds of administration policy with a price structure resting in the sand. Dairy farmers are threatened with a permanent regimentation and dependence upon Government if the President's policy to maintain ceilings and subsidies until the cost of living turns downward is sustained by Congress.

The Dairy Branch in the Department of Agriculture has predicted the greatest drop

in history in dairy production for 1946. This is proof of the ineffectiveness of the subsidy and ceiling system and a warning to consumers of much more drastic shortages to come. If Congress considers that consumers still need subsidies in a time of highest wages and highest employment, let the subsidies be paid direct to those whom Congress feels are unable to pay.

In a free market, prices tend to right themselves. Under a subsidy program there is no incentive toward efficient production. There eventually is nothing but a clamor for more subsidies. Even in our brief experience during the war the amount of subsidies paid tended constantly to rise. For example, the subsidy on choice meat rose from \$1 in October 1943, to \$2 in January 1945. The subsidy on wheat in the Pacific coast area rose from 15 cents in December 1943, to 26 cents in May 1944. Substantial increases also occurred in dairy subsidies.

The proposal to subsidize prefabricated houses is particularly dangerous. It affords a great opportunity for favoritism at the expense of the small builder and the regular building-material manufacturer.

Mr. WOLCOTT. Mr. Chairman, I yield 20 minutes to the gentleman from Ohio [Mr. SMITH].

Mr. SMITH of Ohio. Mr. Chairman, subsidies are paid in Government printing-press money. Government printing-press money is inflation, and there is no other inflation but Government printing-press money. So a person who advocates subsidies and price control at the same time is trying to blow out a fire with his breath while pouring oil on it.

Mr. Chairman, the Patman bill, H. R. 4761, now being considered by the Congress is a delusion and snare. It is disguised in sheep's clothing as a measure designed to provide homes for veterans but when its true nature is disclosed it is found to be nothing less than a scheme for the Federal bureaucracy to seize control of the building industry and thus to further communize our economy.

Obviously, the majority of Congressmen and also the public, are anxious that homes be provided for our veterans. However, we should first inquire why it is that homes for veterans or for other people are not being built. Here is a market, the veterans and the public are waiting cash in hand, the building industry is straining at the leash to supply the materials for homes. What, then, is delaying the building of homes? The answer is to be found in the restrictive policies of the Government itself. Just so long as ceiling prices on building supplies are fixed at less than the cost of production, and just so long as the OPA and other bureaucratic agencies are permitted to impose upon the home-building industry their unconscionable rules and regulations and red tape we can hardly expect any building to be done. Outside of Government, no business can long continue to operate at a loss.

Common sense would therefore dictate that we ought to get rid of the restrictions, but such a procedure would be far too simple to satisfy our Government planners. Some device must be found to further restrict and regiment the people, and at the same time furnish

soft jobs for the deserving. So we have the Patman bill.

There is no point to the claim that priorities, allocations of material, and price ceilings are needed. The hearings will clearly show that the Government already has those powers and can use them as efficiently without the aid of the Patman bill as with it.

My contention is that the main purpose of the Patman bill is not to provide homes for veterans but to set up a dictatorial Government agency to seize power and promote the totalitarian state.

It is blithely stated by supporters of this measure that the veteran would be benefited by the provisions in the bill which places ceiling prices on new homes. This contention needs examination. The fact is that the Government already has authority to fix ceiling prices on all of the materials that go into the construction of homes. About all the bill does is give the Government authority to fix the price which the person who builds the home charges for his services. In fact, the procedure resolves itself into a cost-plus proposition. After the total cost of all the materials delivered on the building site are in, and the home is completed the builder is allowed a fixed fee for his services.

What an opportunity this cost-plus arrangement would provide for running up the building costs. Have we not had enough experience with the outlandish waste and inefficiency which has attended the Government's cost-plus contracts? Obviously such an arrangement would greatly relieve home builders of the responsibility for keeping construction costs low. Home builders who testified on this bill said as much.

Not a bit of testimony was given before the House Committee on Banking and Currency to substantiate the claim that veterans would be able to buy houses cheaper under the Patman bill than they would if the OPA and other Government agencies raised ceiling prices on building materials and allowed wages to rise sufficiently to permit full production of those supplies. All of the evidence bearing upon this subject was to the contrary.

There would be the additional cost of bureaucratic administration, filling out yards of useless and time-consuming forms, inspecting the materials and work that go into the house, appraising the lots and searching into whether any speculation might be involved in their price. There would be the usual delays and interruptions which are normal accompaniments of bureaucratic administration. Then there would also be the loss of time by the prospective buyer, and the builder, caused by their being compelled to keep records and make reports and furnish, under oath or otherwise, whatever information the building czar might ask for.

Add to the cost of bureaucratic administration that which would surely develop under the cost-plus arrangement and the chances are just about a million to one that if the Patman bill is passed veterans and other persons will be compelled to pay more for new homes than they would without the cost-plus arrangement, and if the Government allowed ceiling prices on building materials

and wages to rise sufficiently to permit full production and a free flow of those materials into the communities where new homes are needed.

The Patman housing bill is an outright dictator bill. Sec. 703 (a) would empower the home building czar to go into the books and files of any person, firm, or corporation who is engaged in producing, selling, distributing, or is in any way whatsoever connected with any material or article that goes into the construction of a home, including land and improvements. This is the interpretation given me by Mr. Carl McGowan, associate general counsel, Office of War Mobilization. If this is not dictatorship, what is it?

Just recently the Nation was shocked by the attempt which was made by the President to force General Motors to open its books to his fact-finding board. Public sentiment forced him to abandon that venture. Undaunted and determined, we see that attempt repeated in the Patman bill.

Section 703 (a) would further empower the housing czar to force any person who deals in, sells, rents, or buys, or offers to sell, rent, or buy any housing accommodation to furnish information under oath or affirmation or otherwise, to make and keep records, and to make reports in respect of such dealings, sales, rentals, purchases, and offers. The czar would have the power of subpoena to force such person to make available to him records and documents for his inspection, to furnish any information under this section, to appear before him to testify and produce documents at any place he designates. He is empowered to direct the district courts to make any person obey his orders. An innocent mistake on the part of any person in complying with these provisions could condemn him to prison for a year and the payment of a \$5,000 fine.

The knowledge of these facts alone would so frighten thousands of home builders as to drive them out of business. That would be, of course, sauce for the bureaucrats, for they could then repeat their sweet refrain, "private enterprise can't do the job, so the Government must step in."

Is this Congress going to impose such bedevilment as this upon as fine and valuable a group of citizens as the Nation comprises? Is this Congress going to vote outright to make this land of ours a dictatorship?

Just as a part—more than 40 percent—of the war cost was paid with Government printing-press money, so it is proposed in the Patman subsidy amendment that the peace costs for housing shall be met in part with Government printing-press money. It should not be overlooked that the financial foundation of the New Deal has always been Government printing-press money. A large portion of the so-called recovery measures during the 1930's was met by this means.

It is probably apropos to explain at this point how the payment of subsidies in the building of homes would affect veterans. The claim that shortage of goods is causing inflation is a falsehood.

I know of no instance in all history where a shortage of goods in itself caused true inflation. If there is a shortage of goods and no increase in the total amount of money there can be no inflation. Shortage of goods causes price rises, but not inflation. As soon as the shortage is relieved prices drop back to their former level. But not so when inflation, that is, when Government printing-press money has been injected into the economy, for even should the shortage of goods be made up, prices rise until a balance is reached between the volume of production and the volume of Government printing-press and other money.

The fact is that inflation causes shortages of goods and not the other way around, as so many would have us believe. It does this because Government printing-press money continues to depreciate, lose its buying power, which is reflected in higher and higher prices. This has the effect of disordering all financial transactions, making them uncertain, which in turn disrupts production.

Since the money to pay subsidies must be raised by way of the Government printing press, whatever benefit a veteran might derive from a subsidy on his home he would more than lose in higher costs of living engendered by the increase in the volume of money created by the Government printing press.

Of course, if subsidies were used only for veterans they might derive a doubtful benefit, but it is the principle of the procedure which is the evil, and which is bound to injure them along with everyone else. If subsidies for veterans' homes, then subsidies will be paid to other groups as well. It is the effect of the total amount of subsidies that are paid out which must be measured to determine the damage done veterans, not only the effect which the particular subsidy they might receive.

Subsidies are most powerful instruments for the development of communism. Socialist Germany had and Communist Russia has plenty of subsidies. Free enterprise and liberty are wholly incompatible with subsidies. This is the all-important consideration respecting subsidies for veterans' homes.

In any event, the subsidies which the Patman amendment would provide would not go to veterans at all. It is not even proposed that they shall. They would go to producers of building materials, and much, if not most, might go to manufacturers of prefabricated houses. It would be a mighty small trickle that would ever get to the veteran.

I have made the charge that the real purpose of this proposal is not to furnish homes for veterans but to give the Government power to capture and socialize the building industry. Throughout the war the communistic element in the Government has been devising ways and means for setting up a program of all-out production in peacetime based on the formula that was used to produce war goods.

We now have before us the first attempt to carry out that policy. Just as the New Deal regimented everybody and everything to fight the war, so now it proposes to regiment everybody and everything to fight the peace.

What the bureaucracy is after here is to have all the war powers made perpetual. It seeks not only to make permanent the OPA and all the other Federal agencies which exercise powers over prices, wages, allocations, and priorities, but to enlarge their authority and intensify their activities. This is all too evident. A sample of the proof of this is to be found in their present efforts to enlarge the OPA staff so that it can crack down harder on our people who are already overborne by its brow-beating tactics.

But the overpowering urge that motivates the bureaucrats to have the war formula of production applied in peacetime is their craving to hold on to their jobs.

The Congress is now considering the first attempt by the planning cult, whose God is political power, through Government printing-press money, to carry out their avowed policy of applying the war-production formula to peacetime production. Just as we had all-out or total production of, say, war planes, so now we are being asked to pass legislation empowering the doctrinaire social planners to set up a program for total production of homes for veterans.

The self-same powers that regimented our people to make war are now to be used to regiment them to build houses. And, judging by the looks of the provisions in the Patman bill and other ominous signs appearing in the political skies, it is reasonable to assume that the powers that be in Washington intend that the goose stepping become more intensified and onerous in peace than it was in war.

The shortage of homes caused by the war is being aggravated and exploited by the bureaucracy to usher in the policy of applying the war pattern of production to peacetime production.

Just as the bureaucracy seized upon the sufferings, deaths, and terrors of the war to enlarge its force and more securely entrench itself in power, so now it seeks to further aggrandize itself, not only by preying upon the hardships which have been occasioned by the war, but by intensifying them. As though there were no limit to the excesses of this monstrous evil it seeks in the Patman bill to pounce upon the need of veterans for shelter to protect themselves and their families from cold and storm as a shield to hide its real designs.

We should not overlook the more far-reaching and enduring effects the Patman bill would have upon the veterans. Supposing the miraculous were to happen, and they did receive some benefit from it in the way of lower prices on homes, and more of them, would such evanescent good be worth the loss of freedom they and their children would have to bear?

My colleagues, if the Federal bureaucracy succeeds in this attempt to communize the home-building industry, how shall we be able to stop it from going all the way and completing the totalitarian state? Will it not be much more difficult to prevent it from doing this if we pass this bill? Once this bill is passed and the war formula of production has been adopted, then the pattern will have

been set, and, considering the great inroads communism has already made in all parts of the economy, the task of halting the advance of this, the greatest of all social evils, will be immeasurably increased.

Mr. MURDOCK. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Ohio. I yield to the gentleman from Arizona.

Mr. MURDOCK. The gentleman comes before us as an authority on money. I notice that in the first part of his remarks he several times used the expression "Government printing-press money."

Mr. SMITH of Ohio. Yes.

Mr. MURDOCK. Will the gentleman indicate what part of the money we now have known as reserve of purchasing power is Government printing-press money?

Mr. SMITH of Ohio. Anywhere from \$225,000,000,000 to \$275,000,000,000.

Mr. MURDOCK. Do you regard Federal Reserve notes as Government printing-press money?

Mr. SMITH of Ohio. Not all of them, but some.

Mr. MURDOCK. Do you regard silver certificates as printing-press money?

Mr. SMITH of Ohio. Yes.

Mr. MURDOCK. What about bank credit represented by check money? That would not be included as Government printing-press money, would it?

Mr. SMITH of Ohio. There is about \$100,000,000,000 as check money in the commercial banks which has been created by the Government printing press.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. WOLCOTT. Mr. Chairman, I yield one additional minute to the gentleman.

Mr. CRAWFORD. Did not Mr. Mariner Eccles, Chairman of the Board of Governors of the Federal Reserve System, testify only yesterday that the Government had through its fiscal policy which it has been following brought about the monetization of about \$95,000,000,000 to \$114,000,000,000 of this very printing-press money about which the gentleman has been asking questions?

Mr. SMITH of Ohio. That is what I had in mind.

Mr. CRAWFORD. Only yesterday we had that testimony from the top man of the Board of Governors in the Federal Reserve System.

Mr. SMITH of Ohio. That is correct.

Mr. CRAWFORD. He begged and pleaded with us to discontinue that operation and pointed out that the OPA could not succeed in this undertaking unless we change our course.

Mr. SMITH of Ohio. Which meant that the OPA cannot succeed unless we also stop subsidies, because they are provided by the Government printing press.

Mr. CRAWFORD. Certainly.

Mr. MURDOCK. Mr. Chairman, will the gentleman yield further?

Mr. SMITH of Ohio. I yield.

Mr. MURDOCK. I have always regarded one kind of money as deserving of the name printing-press money, and that is the Lincoln greenbacks. I cannot understand how you can say that Fed-

eral banknotes are Government printing-press money.

Mr. SMITH of Ohio. I did not say all of them are.

Mr. MURDOCK. I will admit that they are printed by the Government on Government printing presses, but they are backed by United States bonds.

Mr. SMITH of Ohio. It so happens that United States bonds may also be Government printing-press money. That is the trouble.

Mr. WHITE. Mr. Chairman, will the gentleman yield for a question?

Mr. SMITH of Ohio. I yield.

Mr. WHITE. The gentleman says that silver certificates are Government printing-press money. Does he regard gold certificates in the same category as printing-press money?

Mr. SMITH of Ohio. No; let me modify my statement to this extent. Silver certificates are Government printing-press money by the amount their nominal value exceeds the world market price of silver.

Mr. WHITE. Does the gentleman appreciate the fact that if restrictions were off silver today, silver would go much higher than its monetary value in the United States and that it is now higher in many parts of the world?

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. WOLCOTT. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, my purpose in taking time at this particular moment is to place in the RECORD two amendments which I propose to offer tomorrow, if I have an opportunity, to the bill H. R. 4761.

On page 11, section 705 (a), line 15, after the word "accommodations", insert "in rural and urban areas, and for the construction and repair of essential farm buildings,".

Then, on page 11, line 24, after the comma following the word "prices", insert "(2) The need for the construction and repair of essential farm buildings."

On page 11, line 24, strike out the numeral (2) and insert (3).

On page 6, line 1, after the word "accommodations", insert "the construction of which is completed after the effective date of this act."

On page 10, line 17, following the word "accommodations", insert "the construction of which is completed after the effective date of this act."

On page 12, line 16, following the word "accommodations", insert "completed after the effective date of this act."

Mr. HINSHAW. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. HINSHAW. Why does not the gentleman give the people who have already started building a chance by changing that to "work that has been begun after the effective date of this act"?

Mr. CRAWFORD. That is a very fine suggestion.

Mr. HINSHAW. After all, these fellows who have been trying to complete jobs at the present time and have been unable to do so because of the intervention of the new priority system, are in a terrible fix.

Mr. CRAWFORD. It would be unfair if the Congress should penalize the very group that has been trying to alleviate the housing shortage.

Mr. HINSHAW. I have a telegram from my district which says:

Between twelve and fifteen thousand houses can be finished with proper assistance rendered now, but that assistance comes in the nature of priorities under a new priority system.

And if they cannot complete them, there they stand, without flooring, without hardware, and many other things that they cannot get, and they should have a chance to finish those houses and sell them.

Mr. CRAWFORD. I would be willing to go along with the gentleman on that.

Mr. GAMBLE. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. GAMBLE. Could that not be cured by saying, "the construction of which was commenced before the effective date of the act, and which is not completed"?

Mr. HINSHAW. If you are going to except these from the terms of the act, you give those fellows a chance, at least except them from certain parts of it, and include them for priority purposes, so that they can get materials with which to finish the houses, we will have twelve or fifteen thousand more houses in an area that needs a hundred thousand.

Mr. GAMBLE. That question was raised in the hearings the other day.

Mr. CRAWFORD. The first three amendments offered are for protecting those who are attempting to produce this foodstuff under the pressure which is being placed on farm operators and farm workers by the Department of Agriculture for increased output.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield further?

Mr. CRAWFORD. I yield.

Mr. HINSHAW. In the part of the country from which I come, particularly in my home city, it is reported by the city fathers that there are from 500 to 800 livable dwellings that could be rented if the OPA would give the owners of that property a chance to rent them at a little advance so that they could afford to pay for plumbing repairs, roof repairs, and redecorating, and so forth, and still break even. Likewise, to give them a chance to evict tenants who are destructive. The gentleman has his new bill before the committee, and I hope he will give that matter consideration in order to increase the housing available.

Mr. CRAWFORD. Let me assure the gentleman that is not my bill.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. WOLCOTT. Mr. Chairman, I yield 5 minutes to the gentleman from Colorado [Mr. GILLESPIE].

Mr. GILLESPIE. Mr. Chairman, it has been stated this afternoon that the Government under this bill could build some 2,700,000 homes in a 2-year program, but that private industry could only build around 400,000. No one has shown why private enterprise could not build as many homes as government-

managed economy can build, and if private enterprise cannot build as many as a government-managed economy, it is because of the red tape imposed on private industry.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. GILLESPIE. I yield.

Mr. PATMAN. The gentleman does not assume that it is a Government public-building project?

Mr. GILLESPIE. No. It is not a Government building project, but it is tied up with Government regulations.

Mr. PATMAN. No. It is private enterprise, strictly. We are trying to stay away from public building.

Mr. GILLESPIE. But it is all tied up with a building czar, rules, and regulations even tighter than they are today.

Mr. PATMAN. For the protection of people who would suffer if they did not have it.

Mr. GILLESPIE. I cannot see how it is protecting anyone when it is the very policy itself that has held things back and has prevented production because prices in many instances have been below the cost of production. If the subsidy acts in this case as it did in the case of the dairy industry it certainly will not help to get materials out to build anything.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. GILLESPIE. I yield.

Mr. GORE. I am sure the gentleman recognizes that the proposed production incentive payments in this case are intended to be and will operate differently from the dairy subsidy. The dairy subsidy was a consumer subsidy; this is a production incentive to bring out an increased production by bringing the high-cost producers into production.

Mr. GILLESPIE. Whatever the subsidy is called, whether you call it a subsidy to the manufacturer or to the consumer, it is Government money, and anyone who buys anything under it should get that benefit. In other words, it would seem to me as though we were just kidding ourselves, and complicating an already complex situation. Any good executive will tell you that success lies in making complicated things simple and not complicating simple things.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield further?

Mr. GILLESPIE. I yield.

Mr. CRAWFORD. Here is a bill which says in effect the Government can set the price of a job on a cost-plus basis, if you please, and the Government may pay a subsidy to get the materials produced to go into that job. If that is not a consumer subsidy I wish someone would educate me on what a consumer subsidy is. This is a 100-percent consumer subsidy.

Mr. GILLESPIE. If it is not a consumer subsidy the money is wasted.

Mr. CRAWFORD. The producer certainly does not need a subsidy if he can get a fair price for the stuff he produces, if you will let him produce it at a little profit.

Mr. GILLESPIE. There is not a producer or manufacturer of building materials today who cannot sell many times

what he can manufacture; so he does not need any subsidy if he can get the price that he has to have. He has to have an increase in price to pay this advanced cost of manufacture. Given that, he can go ahead and do business; and I can see no reason why the people of America today should go further into debt than they are to give subsidies for things of this kind, and mess around with subsidies for future generations to pay.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. GILLESPIE. I yield.

Mr. GORE. I am sure the gentleman recognizes that at a given price some producers can make a reasonable profit whereas at the same price other producers with higher cost factors involved would have to operate at a loss and, therefore, we would be denied the production which this high-cost producer could turn out.

Mr. GILLESPIE. Then you are paying a subsidy or a premium to the least efficient manufacturer at the expense of those who are doing a better job and are really paying a subsidy for inefficiency and poor management; one of the basic rules of economics is that we would produce materials where they can be best produced for the least money. The subsidy proposal puts a premium on inefficiency and waste in operation and brings up the total price.

How would the Government determine how inefficient a manufacturer would have to be before he would be allowed the subsidy, and would the subsidy be different for different degrees of inefficiency and uneconomical operation. The chances are they would send out a highly educated but totally inexperienced, individual who knows very little if anything about practical business, have him go over the books and determine just how inefficient the particular manufacturer happened to be and then the subsidy would be paid to that manufacturer, in exact proportion to his particular inefficiency, where his competitor in the same line of business would be denied the subsidy because he was managing his business better. Then again, if this highly educated and inexperienced Government employee happened to take a liking to one manufacturer and a dislike to the other, that might be the determining factor as to who would get the subsidy. Then, too, in some cases there might be other valuable considerations which would not be mentioned in the Government findings. The subsidy is just another way of doing it wrong and would certainly retard production.

Mr. GORE. For the purpose of obtaining increased production it is vitally needed at this time.

Mr. GILLESPIE. We can get all the production we require if we raise the price just enough to cover the additional cost of manufacture, and if a subsidy is paid it should be paid directly to the veteran, who is certainly more entitled to it than anyone else. Why not fit the veteran to the economy rather than the economy to the veteran. The Government did not subsidize colleges in order to reduce tuition for veterans. It gave the veterans a direct subsidy to attend college. In the

final analysis, all of the people of America have to have living quarters, and eventually will have, but under the subsidy plan the veteran would have no advantage over anyone else and the veterans know that they are the ones who will eventually have to pay the most of this enormous tax load.

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. WOLCOTT. Mr. Chairman, I yield five additional minutes to the gentleman from Colorado.

Mr. GILLESPIE. If we of this House make the mistake of authorizing a grant of subsidies on building materials, don't forget we are borrowing every dollar that it takes to do it, and that not only is inflationary, but it is inflation. And whether we do it by selling bonds or printing money, in the last analysis, it could be called printing-press money. My friend from Arizona a while ago asked what printing-press money was. Whether it is bonds or greenbacks, if the Government prints it without metallic backing it is printing-press money.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. GILLESPIE. I shall be pleased to yield to the distinguished gentleman from Idaho.

Mr. WHITE. The gentleman is 100 percent right. The only difference between greenbacks or the so-called Treasury notes issued by the administration of President Lincoln and the money we are issuing today is that once the money and the bonds are removed from the printing press interest charges begin to run on every dollar that circulates through our Federal Reserve notes, and we are paying a huge interest income to banks for the use of money backed by Government credit. Whether it is money or bonds, they are both backed by Government credit, the one directly and the other, bonds, indirectly. Both stem from the same source, Government credit.

The gentleman is 100 percent right.

Mr. GILLESPIE. I thank the gentleman for his contribution as everyone in this House values his opinion as an expert on "hard money." As a matter of fact, wherever inflation has gotten out of control in the world, silver and gold have disappeared from circulation. There is not a single exception to that rule. If you go into any country of Europe where they have had wild inflation, you will not be able to get a piece of silver the size of a dime.

Mr. WHITE. I wonder if the gentleman appreciates how right he is. Two years ago we had a surplus of some billion seven hundred and fifty million in silver. Today we have less than a million dollars of surplus of silver in this country. It has all disappeared. It is supposed to have gone for the greenback bills, but I would like to trace that silver to see if it has gone into foreign countries. It has disappeared as far as America is concerned.

Mr. GILLESPIE. Much of it has undoubtedly gone into foreign countries. We are treading on dangerous ground if we print bonds and greenbacks unless we have metal back of them. I am

willing to trust metal, but I am not always willing to trust men.

The CHAIRMAN. If there are no other requests for time, the Clerk will read the bill for amendment.

Mr. WOLCOTT. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WOLCOTT. Mr. Chairman, as I understand it, the whole bill must be read as a section, is that correct?

The CHAIRMAN. The gentleman is correct. There is only one section to the bill.

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent that the bill be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The bill follows:

Be it enacted, etc., That the National Housing Act, as amended, is amended by inserting after title VI thereof a new title, as follows:

"TITLE VII—STABILIZATION OF HOUSING PRICES

"SEC. 701. (a) The purposes of the title are to stabilize the prices of real estate to be used for housing purposes, and to prevent speculative, unwarranted, and abnormal increases in the selling prices of such real estate; to eliminate and prevent profiteering in the sale of real estate for housing purposes, the hoarding of materials necessary for the construction of housing and other buildings, and other disruptive practices; to encourage the production of housing at a fair profit; to improve the housing of the people of the Nation in order to foster their health and general welfare; to encourage employment in the housing construction industry, and to maintain such industry at a high level of productivity; to prohibit an undue dissipation of the savings of the people in the Nation in the purchase of homes at speculative prices; to permit returning veterans to acquire housing at fair prices; and to prevent a post-emergency collapse of values in the housing field and to promote a swift and orderly transition to a peacetime economy.

"(b) The provisions of this title, and all regulations and orders issued thereunder, shall terminate on December 31, 1947, or upon the date specified in a concurrent resolution by the two Houses of the Congress declaring that the provisions of the act are no longer necessary to deal with the existing national emergency, whichever date is the earlier.

"(c) The provisions of this Act shall be applicable to the United States, its Territories and possessions, and the District of Columbia.

"SEC. 702. (a) There is hereby created the Office of Housing Stabilization, which shall be headed by a Director of Housing Stabilization (hereinafter called the "Director"). The Director shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$12,000 per annum. The Director may, subject to the civil-service laws, appoint such employees as he deems necessary in order to carry out his functions and duties under this title, and shall fix their compensation in accordance with the Classification Act of 1923, as amended.

"(b) The Director shall formulate and develop a comprehensive national program to effectuate the purposes of this title. In order to carry out this program, the Director shall have the power to issue directives on policy to those Federal departments and

agencies which have functions relating to or affecting housing.

"Sec. 703. The Director is authorized to make such studies and investigations, to conduct such hearings, and to obtain such information as he deems necessary or proper to assist him in formulating policies, issuing regulations, and performing any other functions under this title. The Director is authorized to require any person who owns, holds an interest in, deals in, or offers to sell or to buy any housing accommodations to furnish information under oath or affirmation or otherwise, to make and keep records, and to make reports. The Director may require any such person to permit the inspection and copying of records and other documents and the inspection of housing accommodations. For the purpose of obtaining any information under this section, the Director may by subpoena require any such person to appear and testify or to appear and produce documents, or both, at any designated place. In case of refusal to obey a subpoena served upon any person under this section, the court for any district in which such person is found or resides or transacts business, upon application by the Director, shall have jurisdiction to compel compliance with such subpoena.

"No person shall be excused from complying with any requirements under this section because of his privilege against self-incrimination, but the immunity provisions of the Compulsory Testimony Act of February 11, 1893 (U. S. C., 1934 edition, title 49, sec. 46), shall apply with respect to any individual who specifically claims such privilege.

"Sec. 704. (a) Whenever in the judgment of the Director the sales prices of housing accommodations have risen or threaten to rise to an extent or in a manner inconsistent with the purposes of this act, he may by regulation or order establish maximum sales prices for housing accommodations in accordance with the provisions of this title. Any such regulation or order may be limited in its scope to such geographical area or areas and to such types or classifications of housing accommodations as in the judgment of the Director may be necessary to effectuate the purposes of this title. Before issuing any regulation or order under this section, the Director shall, so far as practicable, advise and consult with representative members of industries affected by such regulation or order, and he shall give consideration to their recommendations and to any recommendations which may be made by State and local officials concerned with housing conditions in any area affected by such regulation or order.

"(b) Any regulation or order issued under the authority of this title establishing maximum sales prices for housing accommodations the construction of which is completed after the effective date of this title shall provide for the fixing of a maximum sales price consisting of (1) the actual costs of the construction of the unit which are not in excess of the legal maximum prices of the materials and services entering into such construction, (2) the fair market value of the land sold with the housing accommodation, but in no event less than the actual cost of land purchased prior to the effective date of this act and (3) a margin of profit reflecting the generally prevailing margin of profit upon comparable units during the calendar year 1941. Any prospective seller of such housing accommodations may apply for the establishment of a maximum sales price at any time, including before the commencement of construction, during its progress, or after its completion. In any case where a maximum sales price has been fixed on a basis of estimated costs the prospective seller may, at any time before the first sale and upon a showing that the actual legal costs have substantially exceeded the estimated costs, apply for such revision of the maximum sales price as may be justified under the circumstances;

and the Director may similarly reduce the maximum sales price if the estimated costs were substantially in excess of the actual legal costs. No subsequent sale of such newly constructed housing accommodation shall be at a higher price than that established for the first sale.

"(c) Any regulation or order issued under the authority of this title establishing maximum sales prices for housing accommodations in existence and occupied on or prior to the effective date of this title shall establish as the maximum prices the price of the first bona fide sale of such housing accommodations after the effective date of this title.

"Any regulation or order under this subsection shall provide for the making of appropriate adjustments in the maximum sales price where substantial improvements have been made subsequent to the last sale.

"(d) The Director may promulgate such regulations as he deems necessary and proper to carry out any of the provisions of the title and may exercise any power or authority conferred upon him by this title through such department, agency, or officer as he shall direct. Any regulation or order under this title may contain such classifications and differentiations and may provide for such adjustments and reasonable exceptions as in the judgment of the Director are necessary or proper in order to effectuate the purposes of this title.

"(e) Whenever in the judgment of the Director such action is necessary or proper in order to effectuate the purposes of this title, he may by regulation or order make such provisions as he deems necessary to prevent the circumvention or evasion thereof and he may regulate or prohibit speculative or manipulative practices (including the requiring of the purchase of land prior to or as a condition of undertaking construction work or the requiring of the purchaser of housing accommodations to buy additional land or any commodity or service as a condition of securing such housing accommodations) in connection with the sale of any housing accommodations which in his judgment are equivalent to or likely to result in price increases inconsistent with the purposes of this title.

"Sec. 705 (a) Whenever in the judgment of the Director there is a shortage of building materials for the construction of needed housing accommodations, he may by regulation or order allocate such materials in such manner and upon such conditions as he deems necessary and appropriate in order to effectuate the purposes of this title, with particular regard for the need for the construction of low-cost housing accommodations and the need for housing accommodations for rental.

"(b) Whenever in the judgment of the Director there is a shortage of housing accommodations, he may by regulation or order give preference in purchase or renting of housing accommodations, the construction of which is completed after the effective date of this title, in such manner and upon such conditions as will effectuate the purposes of this title, with particular regard for the housing needs of veterans of World War II and their immediate families.

"Sec. 706. Whenever in the judgment of the Director there is no practicable alternative method for securing the construction of adequate housing accommodations in an area where the shortage of housing accommodations is acute, he is authorized to subsidize the construction of new low-cost housing accommodations. Any such subsidy assistance shall be granted on terms involving the minimum expenditure of funds necessary to secure the needed construction, and upon such other terms as are necessary and appropriate to effectuate the purposes of this title. Appropriations are hereby authorized to be made for subsidy payments under this section.

"Sec. 707. It shall be unlawful for any person to effect, either as principal or broker, a sale of a housing unit at a price in excess of the ceiling price which shall be applicable under the provisions of this title, or to offer, solicit, attempt, or agree to making any such sale. Notwithstanding any termination of this title as contemplated in section 701 (b) hereinabove, the provisions of this title, and of all regulations and orders issued thereunder, shall be treated as remaining in force, for the purpose of sustaining any proper suit, action, or prosecution with respect to any such right, liability, or offense.

"Sec. 708. Any person who is aggrieved by any action taken pursuant to any regulation or order issued under the authority of this title may petition the district court of the district in which he resides or has his place of business for a review of such action, and such district court shall have jurisdiction to enjoin or set aside, in whole or in part, such action or to dismiss the petition. No such action shall be enjoined or set aside, in whole or in part, unless the petitioner establishes to the satisfaction of the court that such action is not in accordance with law or is arbitrary or capricious.

"Sec. 709. (a) Whenever in the judgment of the Director any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 707 of this title, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the Administrator that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

"(b) Any person who willfully violates any provision of section 704 of this title, and any person who makes any statement or entry false in any material respect in any document or report required to be kept or filed under section 703, shall, upon conviction thereof, be subject to a fine of not more than \$5,000, or to imprisonment for not more than 1 year or to both such fine and imprisonment. Whenever the Director has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General who may, in his discretion, cause appropriate proceedings to be brought.

"(c) The district courts shall have jurisdiction of criminal proceedings for violations of section 707 of this title, and, concurrently with State and Territorial courts, of all other proceedings under the section. Such criminal proceedings may be brought in any district in which any part of any act or transaction constituting the violation occurred. Such other proceedings may be brought in any district in which any part of any act or transaction constituting the violation occurred, and may also be brought in the district in which the defendant resides or transacts business, and process in such cases may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found. Any such court shall advance on the docket and expedite the disposition of any criminal or other proceedings brought before it under this section. No costs shall be assessed against the Director or the United States Government in any proceeding under this title.

"(d) If any person selling housing accommodations violates a regulation or order prescribing a maximum selling price, the person who buys such housing accommodations may, within 1 year from the date of the occurrence of the violation, bring an action for treble the amount by which the consideration exceeded the maximum selling price, plus reasonable attorney's fees and

costs as determined by the court. If the buyer fails to bring an action under this subsection within 60 days from the date of the violation, the Director may bring such action on behalf of the United States within 1 year from the date of the violation. If such action is brought by the Administrator, the buyer shall thereafter be barred from bringing an action for the same violation.

"Sec. 710. There are authorized to be appropriated such sums as may be necessary or proper to carry out the provisions and purposes of this title.

"Sec. 711. If any provision of this title or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of the title and the applicability of such provision to other persons or circumstances shall not be affected thereby."

Mr. PATMAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore, Mr. SPARKMAN, having resumed the chair; Mr. COOPER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 4761), to amend the National Housing Act by adding thereto a new title relating to the prevention of speculation and excessive profits in the sale of housing, and to insure the availability of real estate for housing purposes at fair and reasonable prices, and for other purposes, had come to no resolution thereon.

APPOINTMENT TO COMMITTEES

Mr. COOPER. Mr. Speaker, I offer a privileged resolution (H. Res. 533) and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That the following-named Members be, and they are hereby, elected, members of the following standing committees of the House of Representatives:

Education: JOHN S. WOOD, Georgia.
Elections No. 2: HELEN D. MANKIN, Georgia.
Elections No. 3: JOHN S. WOOD, Georgia.
Civil Service: HELEN D. MANKIN, Georgia.
Claims: HELEN D. MANKIN, Georgia.
Military Affairs: J. LINDSAY ALMOND, Jr., Virginia.
Post Offices and Post Roads: SAM J. ERVIN, Jr., North Carolina.
Revision of the Laws: HELEN D. MANKIN, Georgia.
War Claims: JOHN S. WOOD, Georgia.

The resolution was agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. RABAUT asked and was given permission to extend his remarks in the Appendix of the RECORD in two instances, in the first on the subject of the St. Lawrence seaway and power project, and in the second to include an article from the Detroit Democratic News.

Mr. MONRONEY asked and was given permission to extend his remarks in the RECORD and include copies of two amendments which will be proposed to the pending bill on tomorrow.

INVENTORY OF MINERAL RESOURCES

Mr. WHITE. Mr. Speaker, today I introduced a bill to provide for the remonetization of unobligated silver in the Treasury. I ask unanimous consent

that that bill may be printed at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Idaho?

There was no objection.

The bill referred to follows:

A bill to provide for the monetization of the unobligated silver in the Treasury to make an inventory of our national mineral resources, and other purposes.

Be it enacted, etc., That for the purpose of making an inventory of the mineral resources of the United States and its Territories and for the examination, exploration, and development of the potential mineral resources therein, and for the purchase and stock piling of strategic metals essential to national defense and security, the Secretary of the Treasury is authorized and directed to create a special fund by setting aside all unobligated silver held in or belonging to the United States Treasury to be known as the "mineral resources reserve". The term "unobligated silver" shall mean all silver now held by the Treasury or later purchased by the Treasury which is not now monetized and held as a reserve against silver certificates now in circulation.

Sec. 2. (a) Such inventory shall be conducted by the United States Bureau of Mines and the United States Geological Survey under the direction of the Secretary of the Interior and shall include investigation, examination, and exploration of potential mineral resources by geophysical, diamond drilling, and other recognized and approved mining methods.

(b) Upon application by the owner or operator of a mining property, a preliminary examination shall be made by a representative of the Department of the Interior and if such examination justifies diamond drilling or other exploration, such exploration shall be carried out as promptly as possible.

(c) Purchase and stock piling of strategic metals shall be made upon the recommendation by, and under the supervision of, a board comprised of the Secretaries of War, Navy, and Interior.

(d) When an application is made to the Secretary of the Interior by any owner and/or operator of any mineral or placer claim, or group of mineral or placer claims, located on the public domain or within a national forest of the United States, for the construction of a road and bridges necessary for the transportation of mineral products of, or supplies for, such mineral or placer claims, it shall be the duty of the Secretary of the Interior to cause an examination of said mineral or placer claims by a qualified representative of the United States Geological Survey or the United States Bureau of Mines, and when it is shown to the satisfaction of the Secretary of the Interior that development on a mineral or placer claim or group of claims situated on the public domain or within any national forest of the United States has proved the existence of mineral or ore bodies in quantity and commercial value sufficient to warrant the expenditure of public moneys for the construction of roads and bridges to facilitate the operation and development of such mineral or placer claims, the Public Roads Administration is authorized to provide the construction, reconstruction, or repair of roads, trails, and bridges on the public domain or within the boundaries of any national forest in aid of the development and operation of such mineral claims.

(e) Any road, trail, or bridge constructed or reconstructed or repaired as provided in this act shall be available for the use of the general public, under such rules and regulations as may be prescribed by the Public Roads Administration.

Sec. 3. (a) All costs and expenses incurred by such inventories, examinations, explora-

tions, access roads, and purchase and stock piling of metals shall be paid by the issuance of silver certificates secured by silver monetized from the above referred to mineral resources reserves. As such costs and expenses are from time to time certified by the Secretary of the Interior, the Secretary of the Treasury is authorized and directed to issue silver certificates in such denominations as he may prescribe in payment thereof. There shall be maintained in the Treasury as security for all such silver certificates issued in payment of these expenditures an amount of silver in bullion or standard silver dollars of a monetary value equal to the face amount of such silver certificates.

(b) All such silver certificates issued shall be legal tender for all debts, public and private, public charges, taxes, duties, and dues, and shall be redeemable on demand at the Treasury of the United States in standard silver dollars; and the Secretary of the Treasury is authorized to coin standard silver dollars for such redemption.

(c) Expenditures under section 2 of this act shall not exceed the profit accruing to the United States Treasury because of the monetization of silver in said mineral resources reserve, the profit to be determined by deducting the cost price of said silver from the monetized price of same, less such deductions for brassage, coinage, and other mint charges as the Secretary of the Treasury with the approval of the President shall have determined, not to exceed the actual cost thereof.

The balance of the silver in this mineral resources reserve not designated above as profit shall be available for the mining of silver coins of \$1 or less denomination, or as security for other silver certificates.

EXTENSION OF REMARKS

Mr. ROWAN asked and was given permission to extend his remarks in the RECORD and include an editorial from the Washington Star and also to extend his remarks and include an editorial from the Chicago Times.

Mr. PLUMLEY (at the request of Mr. GAMBLE) was given permission to extend his remarks in the RECORD and include an article.

Mr. REECE of Tennessee (at the request of Mr. GAMBLE) was given permission to extend his remarks in the RECORD and include a speech.

Mr. McDONOUGH (at the request of Mr. GAMBLE) was given permission to extend his remarks in the RECORD in two instances; to include in one a letter, and in the other a resolution.

Mr. GAMBLE asked and was given permission to extend his remarks in the RECORD in two instances and include editorials and news items.

Mr. O'KONSKI asked and was given permission to extend his remarks in the RECORD in two instances and include newspaper articles in each.

FOREIGN LEGIONS FOR THE UNITED STATES OF AMERICA

Mr. O'KONSKI. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. O'KONSKI. Mr. Speaker, there are millions of freedom-loving people throughout the world without a country and without a home. By the hundreds

they are committing suicide rather than go back to where they came from. Millions know that to go back to Finland, Latvia, Estonia, Lithuania, Poland, Yugoslavia, Bulgaria, Rumania, Austria, or Hungary means death or slavery.

It is against every segment of decency to force these millions to go back against their will. They, more than anyone else in the world, know what fate awaits them should they return. These millions were among the most loyal and faithful allies during the entire war. Today they are men and women without a country.

Since our Nation had a part in shaping up this condition, it is our responsibility to take care of them. They are reliable and dependable people who have always been willing to do more than their part. They have suffered perhaps more than any people in this war. They have been victims of concentration camps and slave labor. What are we going to do with these people? That is the burning question of our time.

At the same time our own boys in the service who have made victory possible are tired and weary. They want to come home. Not a day passes where a Congressman does not get mail from our boys pleading that they be brought home. They are weary and tired. The war is over and we cannot blame them for feeling as they do. They should be brought home.

There is no reason why our country cannot enlist help from among these millions who have no country. They would be more than willing to enlist in the armed forces of the United States of America and take over the duty of occupation. Our own boys could easily be replaced with these unfortunate victims of appeasement.

Mr. Speaker, I am today introducing a resolution giving authority to the Military Affairs Committee to make a study to determine the advisability of providing for the establishment of an American Foreign Legion by accepting enlistments from among the citizens of foreign countries for military service in the armed forces of the United States.

While this would be a new departure, in a military sense, for our country, it is certainly in line with the Nation's new departure into world-wide internationalism. It seeks to help to implement, by military force, our international commitments made up to date and which will be made in the future.

There are 300,000 well-trained Polish soldiers who are still under arms, some of them being used in the army of occupation in Italy and other countries and many of them in England and other countries who dare not return to Poland. There are hundreds of thousands of trained Finns, Latvians, Estonians, Lithuanians, Serbs, and Slovaks in the same category. These soldiers rendered exceptional and heroic services in the defeat of the Axis Powers and doubtless great numbers of them would regard it as a godsend to be able to join an American Foreign Legion where, as professional soldiers, they could be used in the army of occupation or wherever the military leaders of our Government deemed necessary.

Mr. Speaker, it is quite possible that with the proper standard of pay and benefits which could be worked out, that a force of 500,000 men could be enlisted within the next few months in an American Foreign Legion and probably within less time after the plan had been worked out. This force could completely take over our army of occupation serving under Regular Army officers.

The proposed foreign legion should have its own uniform and should be housed, clothed, fed, and paid in accordance with American Army standards and should be officered, above a certain rank, by our Regular Army officers.

We know now that the American soldier, his friends and relatives, do not want him retained for months and years overseas after victory is won and hostilities have ceased. If we insist on keeping the homesick soldiers overseas after they have won the victory for us, it lowers their morale and, to a certain extent, destroys the confidence of the people in maintaining a strong military force in peacetime. To that extent, we are playing into the hands of certain powers and we are weakening our efforts for peace throughout the world. We are encouraging, by the weakening of our military position, other nations to reach out for territorial and military power and are, in fact, sowing the seeds of World War III.

Mr. Speaker, it is my belief that the thought contained in this resolution is worthy of the serious and early consideration of the Members of the House and the Military Affairs Committee. I sincerely hope that the Members of the House will approve the resolution and that the proper committee will contact the Secretary of War, General Patterson, the Chief of Staff, General Eisenhower, and other military leaders in an effort to get their thought and advice on this most important subject.

I believe that the announcement of the formation of an American Foreign Legion would be a proper and a great step for this Nation to take at the present time. It would hold out a new hope for hundreds of thousands of men who have fought in various military organizations for the freedom they hoped would come after victory. It might well make up the major military force which we will be called upon to supply under the United Nations Organization; and certainly one could easily visualize that it might succeed to the extent that it could furnish practically all of the troops necessary for our armies of occupation in Europe and in Japan.

Mr. Speaker, such a move, I believe, would be welcomed by the American people. It would provide seasoned and trained men for the armies of occupation rather than the continuous drafting of our teen-age boys, disturbing their opportunities for an education by sending them to Germany and Japan to do police work in the army of occupation.

I believe the thought is worthy of most serious consideration by our military leaders and by the Members of this Congress.

Resolved, That the Committee on Military Affairs is authorized and directed to conduct

a study and investigation to determine the advisability of providing for the establishment of an American Foreign Legion, to be under the leadership of officers of the United States Army, and the members of which would be enlisted from among citizens of foreign countries.

The committee is also authorized to study and recommend legislation regarding the possibility of granting American citizenship to such enlistees after a certain period of honorable service in the armed forces of the United States.

The committee shall report to the House (or to the Clerk of the House if the House is not in session) as soon as practicable during the present Congress the results of its investigation and study, together with such recommendations as it deems advisable.

For the purpose of carrying out this resolution the committee is authorized to sit and act during the present Congress at such times and places within the United States, whether the House is in session, has recessed, or had adjourned, to hold such hearings, and to take such testimony, as it seems necessary.

TOLEDO, PEORIA, AND WESTERN RAILROAD

Mr. PRICE of Illinois. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. PRICE of Illinois. Mr. Speaker, in the recent weeks our Nation has been beset with many labor disputes and work stoppages. Many of these stoppages have been Nation-wide in their scope and have involved many thousands of workers and their families. It is to the credit of these workers and their employers that by far and large the majority of the strikes have been conducted in an atmosphere of mutual concern and orderly demonstration by both sides.

Unfortunately, however, this has not been the case in all instances. On the Toledo, Peoria, & Western Railroad there has recently occurred as brazen an action by management employees as has been witnessed in this country since the days of the Pinkerton thugs and the mine police. The management of the T. P. & W. have culminated a long campaign of refusing to bargain collectively with its employees by hiring paid thugs who have caused the death of two employees of the railroad and seriously injured three more. There is no place in our modern industrial economy for such blatant disregard of all civil and moral law. Steps must be taken that will correct the causes of this tragedy.

I have introduced in this House a resolution directing that the Committee on Interstate and Foreign Commerce conduct an investigation into this labor dispute to determine who is responsible for this outrageous miscarriage of modern collective bargaining. I feel that the House should investigate the conduct of the president of the Toledo, Peoria & Western Railroad in this matter. I feel that the allegation that this man has recently purchased firearms in wholesale lots should be the concern of every man in this body. Certainly the widows of Irwin Paschon and Arthur Brown as well as their children expect that this

Government take every necessary step to correct the situation that has resulted in the deaths of these unionists.

I hope that my resolution will be adopted and that the inquiry will proceed as quickly as possible in order that future tragedies of this sort may be avoided. I am sure that the Members of the House will agree that the long history of peaceful settlement of disputes that has characterized the activity of our railroad labor organizations entitles these fine organizations to the investigation that my resolution would authorize.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. SCHWABE of Missouri (at the request of Mr. MARTIN of Massachusetts), on account of illness in family.

To Mr. CASE of South Dakota (at the request of Mr. MARTIN of Massachusetts), for 4 days, on account of illness in family.

To Mr. HOLMES of Massachusetts (at the request of Mr. MARTIN of Massachusetts), for 1 month, on account of illness.

To Mr. DAUGHTON of Virginia (at the request of Mr. DREWRY), for 3 days, on account of important matters to attend to.

To Mr. JARMAN (at the request of Mr. HOBBS), for an indefinite period, on account of official business.

To Mr. WEAVER (at the request of Mr. MURRAY of Tennessee), for the remainder of the week, on account of illness.

ENROLLED BILLS SIGNED

Mr. ROGERS of New York, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 129. An act to provide for the barring of certain claims by the United States in connection with Government checks and warrants;

H. R. 2284. An act to eliminate the practice by subcontractors, under cost-plus-a-fixed-fee or cost-reimbursable contracts of the United States, of paying fees or kick-backs, or of granting gifts or gratuities to employees of cost-plus-a-fixed-fee or cost-reimbursable prime contractors or of higher tier subcontractors for the purpose of securing the award of subcontracts or orders;

H. R. 3603. An act to provide for the sale of surplus war-built vessels, and for other purposes;

H. R. 3590. An act to authorize municipalities and public utility districts in the Territory of Alaska to issue revenue bonds for public-works purposes; and

H. R. 4932. An act to amend section 9 of the Boulder Canyon Project Act, approved December 21, 1928.

ADJOURNMENT

Mr. PATMAN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 58 minutes p. m.) the House adjourned until tomorrow, Wednesday, February 27, 1946, at 12 o'clock noon.

COMMITTEE HEARINGS

FEDERAL TRADE SUBCOMMITTEE OF THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of the Federal Trade Subcommittee of the Committee

on Interstate and Foreign Commerce at 10 a. m. Wednesday, February 27, 1946.

Business to be considered: Resume public hearings on H. R. 2390, to amend the act creating the Federal Trade Commission. Federal Trade Commission representatives will commence statements in opposition, to be followed by other opponent witnesses. Hearing announced on Tuesday, February 26, canceled.

HOUSE COMMITTEE ON EXPENDITURES IN THE EXECUTIVE DEPARTMENTS

The Committee on Expenditures in the Executive Departments will hold hearings on surplus property on Wednesday, Thursday, Friday, beginning at 10 a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1093. A letter from the Secretary of the Navy and Secretary of War, transmitting a draft of a proposed bill to amend the Pay Readjustment Act of 1942, as amended, and for other purposes; to the Committee on Military Affairs.

1094. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated September 29, 1945, submitting a report, together with accompanying papers and illustrations, on a review of reports on a waterway connecting the Tombigbee and Tennessee Rivers, requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on January 2, 1945 (H. Doc. No. 486); to the Committee on Rivers and Harbors and ordered to be printed, with three illustrations.

1095. A letter from the Administrator, Veterans' Administration, transmitting a draft of a proposed bill to authorize the Veterans' Administration to appoint and employ retired officers without affecting their retired status, and for other purposes; to the Committee on Military Affairs.

1096. A letter from the Acting Secretary of the Interior, transmitting a draft of a proposed bill to amend the laws authorizing the performance of necessary protection work between the Yuma project and Boulder Dam by the Bureau of Reclamation; to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar as follows:

Mr. BYRNES of Wisconsin: Committee on Claims. H. R. 3703. A bill for the relief of the city and county of San Francisco; without amendment (Rept. No. 1650). Referred to the Committee of the Whole House on the State of the Union.

Mr. BLAND: Committee on the Merchant Marine and Fisheries. H. R. 3973. A bill to amend the act entitled "An act to provide reemployment rights for persons who leave their positions to serve in the merchant marine, and for other purposes," approved June 23, 1943 (57 Stat. 162), and for other purposes; without amendment (Rept. No. 1651). Referred to the Committee of the Whole House on the State of the Union.

Mr. LANHAM: Committee on Public Buildings and Grounds. H. R. 5455. A bill to amend section 502 of the act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes," approved October 14, 1940, as amended, so as to authorize the appropriation of funds necessary to provide an

additional 100,000 temporary housing units for distressed families of servicemen and for veterans and their families; with amendment (Rept. No. 1652). Referred to the Committee of the Whole House on the State of the Union.

Mr. ELLIOTT: Committee on the Public Lands. H. R. 2418. A bill to authorize the United States Commissioner for the Sequoia National Park to exercise similar functions for the Kings Canyon National Park; without amendment (Rept. No. 1653). Referred to the Committee of the Whole House on the State of the Union.

Mr. BARRETT of Pennsylvania: Committee on the Public Lands. H. R. 3553. A bill to authorize revisions in the boundary of the Hopewell Village national historic site, Pennsylvania, and for other purposes; without amendment (Rept. No. 1654). Referred to the Committee of the Whole House on the State of the Union.

Mr. PETERSON of Florida: Committee on the Public Lands. H. R. 3796. A bill to quiet title to certain school-district property in Enid, Okla.; without amendment (Rept. No. 1655). Referred to the Committee of the Whole House on the State of the Union.

Mr. PETERSON of Georgia: Committee on the Territories. H. R. 4731. A bill to authorize the Alaska Railroad to engage in the business of operating oceangoing vessels; without amendment (Rept. No. 1656). Referred to the Committee of the Whole House on the State of the Union.

Mr. MAY: Committee on Military Affairs. H. R. 5195. A bill to govern the distribution of war trophies; without amendment (Rept. No. 1657). Referred to the Committee of the Whole House on the State of the Union.

Mr. MAY: Committee on Military Affairs. S. 1532. An act to authorize the appointment of certain persons as permanent brigadier generals of the line of the Regular Army; without amendment (Rept. No. 1658). Referred to the Committee of the Whole House.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. KEOGH: Committee on claims. H. R. 2217. A bill for the relief of Rae Glauber; with amendment (Rept. No. 1641). Referred to the Committee of the Whole House.

Mr. BYRNES of Wisconsin: Committee on Claims. H. R. 3161. A bill for the relief of Mrs. Ruby Miller; with amendments (Rept. No. 1642). Referred to the Committee of the Whole House.

Mr. FERNANDEZ: Committee on Claims. H. R. 3185. A bill for the relief of George Lassila; with amendments (Rept. No. 1643). Referred to the Committee of the Whole House.

Mr. BYRNES of Wisconsin: Committee on Claims. H. R. 3400. A bill for the relief of Herbert W. Rogers; without amendment (Rept. No. 1644). Referred to the Committee of the Whole House.

Mr. BYRNES of Wisconsin: Committee on Claims. H. R. 3823. A bill for the relief of Gertrude McGill; without amendment (Rept. No. 1645). Referred to the Committee of the Whole House.

Mr. BYRNES of Wisconsin: Committee on Claims. H. R. 3967. A bill for the relief of Ahto Walter, Lucy Walter, and Teddy Walter; with amendment (Rept. No. 1646). Referred to the Committee of the Whole House.

Mr. KEOGH: Committee on Claims. H. R. 4803. A bill for the relief of Benjamin Kelzer; with amendment (Rept. No. 1647). Referred to the Committee of the Whole House.

Mr. JENNINGS: Committee on Claims. H. R. 4884. A bill to relieve certain em-

ployees of the Veterans' Administration from financial liability for certain overpayments and allow such credit therefor as is necessary in the accounts of Guy F. Allen, chief disbursing officer; with amendment (Rept. No. 1648). Referred to the Committee of the Whole House.

Mr. BYRNES of Wisconsin: Committee on Claims. H. R. 4948. A bill for the relief of Herbert C. Rockwell; without amendment (Rept. No. 1649). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BLAND:

H. R. 5587. A bill to amend the Canal Zone Code, and for other purposes; to the Committee on the Merchant Marine and Fisheries.

By Mr. ELLIOTT:

H. R. 5588. A bill to exempt from the Federal amusement tax all admissions charged to fairs; to the Committee on Ways and Means.

By Mr. FORAND:

H. R. 5589. A bill to provide for retirement of certain commissioned officers, commissioned warrant officers, chief warrant officers, warrant officers, and enlisted men of the Army, Navy, Marine Corps, and the Coast Guard thereby providing vacancies for promotions in order to stimulate voluntary enlistments; to the Committee on Military Affairs.

By Mr. McCORMACK:

H. R. 5590. A bill to provide for the uniform administration of efficiency ratings; to the Committee on the Civil Service.

By Mr. DINGLE:

H. R. 5591. A bill to provide for the consolidation of packages of distilled spirits in internal revenue bonded warehouses and the elimination of wine gallons from certain records, entries, and returns covering distilled spirits, and for other purposes; to the Committee on Ways and Means.

By Mr. OUTLAND:

H. R. 5592. A bill to amend certain provisions of the Social Security Act and the Internal Revenue Code in order to bring within the scope thereof industrial operations performed on agricultural commodities and to confine exemptions to farming and related activities; to the Committee on Ways and Means.

By Mr. WHITE:

H. R. 5593. A bill to provide for the monetization of the unobligated silver in the Treasury, to make an inventory of our national mineral resources, and for other purposes; to the Committee on Coinage, Weights, and Measures.

By Mr. PETERSON of Florida:

H. R. 5594. A bill to reserve for the use of the United States all deposits of fissionable materials contained in the public lands; to the Committee on the Public Lands.

By Mr. O'KONSKI:

H. Res. 534. Resolution to establish a foreign legion in the American armed forces; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of California, memorializing the President and the Congress of the United States to provide for an increase in the national minimum wage structure; to the Committee on Labor.

Also, memorial of the Legislature of the State of California, memorializing the President and the Congress of the United States relative to encouraging the resumption of

gold mining; to the Committee on Banking and Currency.

Also, memorial of the Legislature of the State of California, memorializing the President and the Congress of the United States relative to proposed reparations to American residents of the Philippines detained during the war in Japanese prison camps; to the Committee on War Claims.

Also, memorial of the Legislature of the State of California, relative to the settlement of a jurisdictional labor dispute between the CIO Food, Tobacco, Agricultural, and Allied Workers' Union of America, and the American Federation of Labor Cannery Workers' Union, affiliated with the International Teamsters' Union; to the Committee on Labor.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mrs. DOUGLAS of California:

H. R. 5595. A bill for the relief of Marjorie See; to the Committee on Immigration and Naturalization.

H. R. 5596. A bill for the relief of Edward A. Cupp; to the Committee on Claims.

By Mr. HINSHAW:

H. R. 5597. A bill for the relief of Harry C. Goakes; to the Committee on Claims.

By Mr. LUTHER A. JOHNSON:

H. R. 5598. A bill for the relief of John Camera; to the Committee on Immigration and Naturalization.

By Mr. BUCK:

H. R. 5599. A bill for the relief of Alice Johnson; to the Committee on Claims.

By Mr. POWELL:

H. R. 5600. A bill for the relief of Kenneth Michel; to the Committee on Immigration and Naturalization.

By Mr. RAYFIEL (by request):

H. R. 5601. A bill for the relief of Joseph W. Beyer; to the Committee on Claims.

By Mr. ROBSION of Kentucky:

H. R. 5602. A bill granting a pension to Henry Combs; to the Committee on Invalid Pensions.

By Mr. SHARP:

H. R. 5603. A bill for the relief of Wilford B. Brown; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1630. By Mr. ARNOLD: Petition of constituents in Princeton, Mo., urging support of the Poage bill, House bill 1742, to authorize appropriation of \$5,000,000 so that Rural Electrification Administrator might prepare comprehensive plans for electrification of rural areas, and to authorize the Reconstruction Finance Corporation to make additional loans to the REA aggregating \$585,000,000 by June 30, 1948; to the Committee on Interstate and Foreign Commerce.

1631. By Mr. LUTHER A. JOHNSON: Petition of Claude King of Mexia, Tex., favoring legislation to require full taxation of earnings of all co-ops; to the Committee on Ways and Means.

1632. By Mr. LANE: Petition of the legislative department, board of aldermen, city of Chelsea, Mass., proposing the establishment of separate United States Employment Service offices, and dividing the United States Employment Service into two separate branches, so that one could be devoted exclusively to serving veterans and staffed by World War II veterans. This petition is submitted in cooperation with the protest of the national headquarters of the American Veterans against the way veterans are served under the existing United States Employment Service set-up in the Department of Labor;

to the Committee on World War Veterans' Legislation.

1633. By Mr. MARTIN of Iowa: Petition of members of the university district of the Iowa State Dental Society, opposing Senate bill 1606 and House bill 4730 and supporting Senate bill 1099 and 190; to the Committee on Interstate and Foreign Commerce.

1634. By Mr. SMITH of Wisconsin: Petition of Walter J. Menden, route 1, box 22, Racine, Wis., in re: Price control, changing corporation taxes, and housing; to the Committee on Banking and Currency.

1635. Also, petition of R. J. Mosher, secretary, local No. 195, Racine, Wis., in re: Price control, confirmation of Edwin Pauley, loan to Britain, Case bill, and James Petrillo; to the Committee on Banking and Currency.

SENATE

WEDNESDAY, FEBRUARY 27, 1946

(Legislative day of Friday, January 18, 1946)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Eternal Father, most real when most invisible, ere our wistful yearnings break into faltering words, Thou seest our deepest needs; past sobs and sighs and stammering tongues Thou knowest that as the hart panteth after the water brook so thirst our souls after Thee.

Save us from presumptive pride that feigns an understanding that it does not possess. Open our inner eyes that with all our seeing we may not miss the beauty and strength of a spiritual world more real even than the driven dust beneath our feet or the feathered songsters that wing their trackless way above our heads. Make us fit vessels to receive the glory and the good Thou desirest to give to us, and through us to all the waste places of this stricken earth. In the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. HILL, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, February 26, 1946, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT— APPROVAL OF BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on February 26, 1946, the President had approved and signed the act (S. 1618) to exempt the Navy Department from statutory prohibitions against the employment of noncitizens, and for other purposes.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed without amendment the joint resolution (S. J. Res. 136) changing the name of the Shoshone Dam and Reservoir to Buffalo Bill Dam and Reservoir in commemoration of the one hundredth